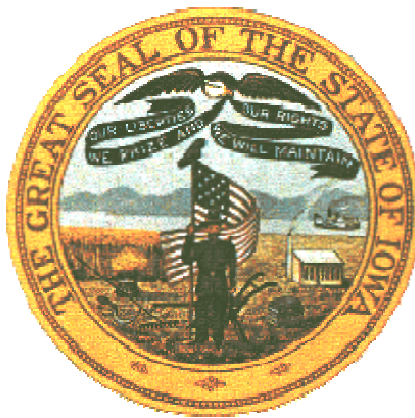


STATE OF IOWA

WORKERS' COMPENSATION THIRD PARTY ADMINISTRATION

REQUEST FOR PROPOSALS



Issued by:

The State of Iowa

September 8, 2006

State of Iowa

Request for Proposals

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SECTION 1: INTRODUCTION AND BACKGROUND

Information regarding the State's benefit programs is available on the State's web site: <http://www.das.hre.iowa.gov> under the State Benefits tab. Claims information has been provided with this RFP.

1.1 Purpose

The State of Iowa, Department of Administrative Services, is soliciting proposals for third party administration of its employee Workers' Compensation Program, with a July 1, 2007 effective date. The State self-funds its claims administration program for workers' compensation and desires to have a third party administrator (TPA) provide specific services in connection with this self-insured program. These services include providing Claims Administration, Managed Care Services (telephonic and field case management, utilization review, bill review and managing a medical provider network), Loss Control Services, Data Management, vendor management and Service & Systems Integration.

1.2 Introduction

The Department of Administrative Services (DAS) provides Workers' Compensation benefits to covered population of approximately 60,000 active employees. This approximated number does not include populations who may be eligible for Workers' Compensation benefits such as inmates, volunteers, university students and temporarily assigned employees.

The State self funds this program and determines annual premiums based on an actuarial analysis of incurred claims over a rolling four and a half year period. DAS manages this program on behalf of 93 separate governmental agencies. Each of these agencies pays an annual premium into the program based on their own experience. There is some risk sharing in the program by capping individual claims absorbed by a given agency at \$150,000. One important note is that the State does not fund a reserve or future liability fund through its premium. Instead the premium is developed to pay for all possible expenses paid out in a twelve month period.

The program's incurred costs over the last three years have averaged \$17,377,165 including medical and lost time costs. The cash outlay specific to claims in a given fiscal year has averaged \$16,278,295 over that same period of time. Total premium over this same period of time has averaged \$16,158,306 with an average increase of 5.3% during this time

The program has seen tremendous reductions in number of new claims filed, open claims at year end and the number of open litigated files. The last three years the program has averaged 3,427 new medical only claims and 567 new indemnity claims for a total of 3,994 new claims per year. As of 7/1/2006 we have 1201 open claims (584 medical only/617 indemnity) of which 163 are litigated. We expect any new vendor to take over all existing claims. Please refer to Attachment 8 – Exit Plan Description, for details on data transfer.

1.3 Program Objectives

The State has identified the following program objectives:

- Fair and appropriate compensation
- Access to quality occupational medical care
- Reach reasonable settlements quickly

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- Manage the costs and risks of the program
- Reduce need to engage legal counsel
- Return to full productive work

1.4 Service Model

DAS has determined that the most effective Workers Compensation program structure involves contracting with one Third Party Administrator (TPA) which would assume responsibility and accountability for two primary areas of service;

- Claims Administration
 - Medical Claims Administration
 - Lost Time Benefits Administration
 - Medical Provider Network and Discount services
 - Managed care services
 - Pharmacy Network and Discount services
 - Case Management
 - Vendor Management
- Data Management

These areas will be described in detail in Section 4.2, Scope of Services.

1.5 Iowa Workers' Compensation Program Responsibilities

State Government

- Department of Administrative Services (DAS) – Executive branch agency mandated to administer a statewide Workers' Compensation Program. Final settlement authority of work comp claims is determined by this agency
 - Human Resources Enterprise (HRE) – Subdivision of the Department of Administrative Services which organizationally houses the State's work comp program
 - Risk & Benefits Management Bureau (RBM) – Bureau within the Human Resources Enterprise, managed by the Risk and Benefits Administrator, that maintains the staff that work within the State's Work comp program. Positions include the State Safety Specialist, an accounting specialist and the Workers Compensation Coordinator.

RBM will be responsible for the day to day management of the program and will work closely with the selected vendor's staff to determine the best way to manage the program on a claim by claim basis. RBM's role will include program management, risk management, safety/loss control, financial management and education. The RBM will also be the conduit through which the TPA will build relationships with State Agencies.
 - Workers Compensation Coordinator (WCC) – Under the supervision of the Risk and Benefits Administrator, this position will be responsible for the overall Workers' Compensation Program. Duties include the following:
 - ✓ State's main contact with the contracted TPA
 - ✓ Manages and monitors the TPA's performance

SECTION 1: INTRODUCTION AND BACKGROUND

- ✓ Supports State agencies' efforts to manage their work comp activities, this includes assisting and advising agencies on return to work policies and timely claim reporting procedures.
- ✓ Resolves policy and procedural issues as well as any disagreements between vendor and agencies and will pay particular attention to the relationship between the AG and the TPA
- ✓ Setting claims payment and settlement philosophy
- Iowa Attorney General's Office (AG) – mandated to provide legal and litigation support to the Workers' Compensation Program
- Iowa Workers' Compensation Commission (IWCC) – Independent body under the Iowa Department of Workforce Development that oversees all workers' compensation claims throughout the State. Tracks all work comp claims and sits in judgment on all work comp hearings
- State Agencies – The Workers' Compensation Program requires the coordination of the TPA and 93 independent governmental agencies. These agencies all have a principal coordinator of work comp activities. This person or office would be the TPA's main agency contact and would have responsibility for ensuring line supervisors are trained in terms of policy, immediate first reporting of injuries, appropriate accident investigation, channeling employees to the medical network if treatment is required and supporting return to work efforts.

Third Party Administrator

- Timely and accurate claims processing by the TPA, and the expedient closing of cases will be the responsibility of the TPA. This requires prompt intervention on both medical and indemnity cases.
- The TPA will have responsibility for, claims adjudication, case investigation, case management, setting of and revisions to appropriate case level unfunded liability levels (reserves), Integration (through the WCC) with the State's staff and agencies on the resolution of cases, and accessing the return to work program.
- The TPA will be knowledgeable regarding relevant Iowa work comp statutes, work closely with designated legal counsel, close all cases as defined by the State's claim paying and settlement philosophy and advise the WCC on any policy or program concerns that arise.
- Further, all First Report of Injuries (FROI) and supporting claims documentation will be received by the TPA and converted into a paperless environment. The TPA will meet all reporting standards of DAS for management reports and for the provision of EDI as specified and required by the IWCC.
- Finally, the TPA will be the responsible for the development, maintenance and expansion of, and steering to, the occupational health and pharmacy network. Administration of the network and monitoring its performance, as well as securing the discounts and rebates will be the responsibility of the TPA.

SECTION 2: ADMINISTRATIVE PROCEDURES AND PROCUREMENT PROCESS

2.1 RFP Coordinator

The RFP Coordinator, identified below, is the sole point of contact regarding the RFP from the date of issuance until selection of the successful bidder. Deloitte Consulting LLP, the State's employee benefits consultant, will assist in the RFP process.

Ed Holland, CEBS
Department of Administrative Services-HRE
1305 East Walnut Street
Hoover State Office Building
Des Moines, IA 50319
ed.holland@iowa.gov
FAX (515) 242-5157

2.2 Restriction on Communication

From the date of issuance of this RFP until announcement of the successful bidder, bidders may contact only the RFP Coordinator. The RFP Coordinator will respond only to written questions (including e-mail) regarding the procurement process. Questions related to the interpretation of this RFP must be submitted in writing to the RFP Coordinator in accordance with the timeline set forth in this RFP. In the event that a bidder or someone acting on the bidder's behalf attempts to discuss the RFP orally or in writing, with any employee of the State of Iowa, the bidder may be disqualified. Bidders may continue to communicate with State staff regarding other business matters relative to State business.

2.3 Procurement Timetable

The dates set forth below are for informational purposes only. The State reserves the right to change the dates.

Action	Date
Invitation to Bid Issued	September 8, 2006
Deadline for Receipt of Bidder Questions	September 22, 2006
State Issues Response To Bidder Questions	September 29, 2006
Bid Receipt Deadline	October 27, 2006 4:00 p.m. Central
Bids Evaluated and Scored	November 2006
Finalists determined	12/1/2006
Possible Finalist Interviews	December/January 2007
Contract negotiations with selected vendor	January through June 2007
Executive Council	May 2007
Plan Year begins	July 1, 2007

SECTION 2: ADMINISTRATIVE PROCEDURES AND PROCUREMENT PROCESS

2.4 Submission of, and Responses to, Written Questions

All inquiries, including any questions related to the terms and conditions of this RFP, should be made in writing and submitted to the RFP Coordinator at the address noted. Oral inquiries will not be accepted. The RFP Coordinator must receive all inquiries in writing **no later than 4:00 p.m. CDST, September 22, 2006**. The State's responses to questions will not identify the submitter and will be posted to the DAS web site at <http://www.das.hre.iowa.gov> on or before September 29, 2006.

2.5 Amendment to the Request for Proposal

The State reserves the right to amend the RFP at any time. In the event it becomes necessary to amend, add to, or delete any part of the RFP, an amendment will be provided to all bidders who requested the original RFP, and will be posted on the DAS web page at <http://www.das.hre.iowa.gov>. A bidder's response must include acknowledgement of any addenda.

2.6 Submission of Proposals

The proposal submitted by your company will constitute your company's unqualified consent to all of the procedures below.

- 2.6.1.** The proposal submitted in response to this invitation will be considered the **only** submission after the due date. Revised proposals will not be permitted after proposals are opened, unless the State requests additional or clarifying information. However, prior to the proposal due date, a submitted proposal may be withdrawn by submitting a written request for its withdrawal to the RFP coordinator and signed by the bidder. Once a proposal is opened, it will be considered a firm and binding proposal, and may not be withdrawn from consideration.
- 2.6.2.** Proposals facsimiled or electronically mailed will not be accepted. It is the bidder's responsibility to ensure that the proposal has been received by the deadline. Post marking by the due date will not substitute for actual receipt.
- 2.6.3.** In all cases, no verbal communication shall override written communication from the State of Iowa or the RFP Coordinator. No one is authorized to amend the specifications in any respect by any oral statement or to make any oral representation or interpretation in conflict with the provisions of the specifications.
- 2.6.4.** Bidder representatives shall **not** contact any State official or staff member other than the RFP Coordinator to explain, amplify, or discuss submitted proposals. All such communications shall be with the RFP Coordinator. For violation of this provision, the State shall reserve the right to reject the proposal by that bidder. Bidders may continue to communicate with State staff regarding other business matters relative to State business.
- 2.6.5.** Proposals are to be prepared assuming an effective date of July 1, 2007.

SECTION 2: ADMINISTRATIVE PROCEDURES AND PROCUREMENT PROCESS

- 2.6.6.** Sealed proposals must be clearly identified on the envelope as outlined below and submitted to the RFP Coordinator no later than **4:00 p.m. CDST, October 27, 2006**. Late proposals will be returned unopened.

The proposals are to be in two parts. One part is to be a sealed "**Technical Proposal**". *(Note: All proposers must complete and include the attached **Proposal Checklist** with the Technical Proposal to verify that all RFP submission requirements have been met).* The second part is to be a sealed "**Cost Proposal**". The Cost Proposal should be provided only to Deloitte and will be evaluated if all of the mandatory requirements are met by the bidder in the technical proposal.

Required fee quotation formats are provided electronically and in the Cost Proposal sections of this document. Vendors are required to complete the forms as provided in this solicitation. .

One (1) original and nine (9) copies of the **Technical Proposal** must be submitted to:

Ed Holland
Risk & Benefits Management Administrator
State of Iowa
Hoover State Office Building
1305 East Walnut Street
Des Moines, Iowa 50319-0150

One (1) paper copy of the **Technical Proposal and the Cost Proposal** as well as one (1) full electronic file copy must be submitted to:

Todd Neuman
Manager
Deloitte Consulting
350 South Grand Ave Ste. 200
Los Angeles, CA 90071-3462

2.7 Costs of Preparing the Proposal

Costs incurred for developing a proposal are the sole responsibility of the bidder. There will **not** be any reimbursement for these costs. If the State should determine that bidder interviews are necessary, any costs associated with oral presentations to the State will be the responsibility of the bidder and will in no way be billable to the State.

2.8 Right to Negotiate with Finalists

The State reserves the right to negotiate benefit plan amendments and/or modifications to financial, administrative, or enrollment arrangements with the bidder(s) selected to administer the plan.

SECTION 2: ADMINISTRATIVE PROCEDURES AND PROCUREMENT PROCESS

2.9 Waiver of Deficiencies & Nonmaterial Variations

The State reserves the right to waive or permit cure of nonmaterial variances in a proposal provided, however, such waiver will be based on the best interest of the State. Nonmaterial variances include minor informalities that do not affect responsiveness, variances that are merely a matter of form or format, variances that do not change the relative standing of other bidders, variances that do not prejudice other bidders, variances that do not change the meaning or scope of the RFP, or variances that do not reflect a material change in the services.

Failure to provide any mandatory requirements or information shall not be considered a nonmaterial variation that the State can waive or permit cure. In the event the State waives or permits cure of nonmaterial variances, such a waiver or cure will not modify the RFP requirements or excuse the bidder from full compliance with RFP specifications or other contract requirements if the bidder is awarded the contract. The determination of whether a particular matter constitutes a material or nonmaterial variation from the RFP is within the sole discretion of the State.

2.10 Rejection of Proposals

At any time prior to the execution of the written contract, the State of Iowa reserves the right to reject any or all bids at its discretion in whole or in part, to amend and reissue this RFP, to advertise for new proposals, to abandon the need for such services, and to cancel this RFP if it deems such actions to be in the best interests of the State. A proposal will be rejected outright and not evaluated if a bidder fails to deliver its proposal by 4:00 p.m. CDST, on the due date.

2.11 Copyrights

By submitting a proposal, the bidder agrees that the State may copy the proposal for purposes of facilitating the evaluation of the proposal or to respond to requests for public records. By submitting a proposal, the bidder consents to such copying and warrants and represents that such copying will not violate the rights of any third party. The State will have the right to use ideas or adaptations of ideas that are presented in the proposals.

2.12 Public Records and Requests for Confidentiality

- 2.12.1.** All information submitted by a bidder may be treated as a public record by the State unless the bidder properly requests that information be treated as confidential information at the time its proposal is submitted. The laws of the State of Iowa require that at the conclusion of the selection process, the contents of all proposals be placed in the public domain and be open to inspection by interested parties pursuant to Iowa Code chapter 22.
- 2.12.2.** Any request for confidential treatment of information must be included in the transmittal letter with the bidder's proposal. In any such request, the bidder must enumerate the specific grounds under Iowa Code chapter 22 that support the treatment of materials as confidential and must also explain why disclosure of the information is not in the best interest of the public.
- 2.12.3.** Any documents submitted which contain confidential information must be marked on the outside as containing confidential information, and each page upon which confidential information appears must be marked as containing confidential

SECTION 2: ADMINISTRATIVE PROCEDURES AND PROCUREMENT PROCESS

information. The confidential information must be clearly identified to the reader where it appears. All copies of the proposal submitted, as well as the original, must be marked in this manner. Identification of the entire proposal as confidential shall be deemed non-responsive and shall disqualify the bidder.

2.12.4. The information marked confidential shall be treated as confidential information to the extent such information is determined to be confidential under Iowa Code chapter 22 or other provisions by a court of competent jurisdiction.

2.12.5. In the event the State receives a request for information marked confidential, written notice shall be given to the bidder prior to the release of the information to allow the bidder to seek injunctive relief pursuant to Iowa Code section 22.8.

2.12.6. A bidder's failure to request confidential treatment of material pursuant to this section and the relevant laws will be deemed by the State as a waiver of any right to confidentiality that a bidder may have had.

2.13 Proposals Property of the State

All proposals become the property of the State of Iowa and will not be returned to the bidder.

2.14 Construction of RFP and Laws and Rules

This RFP is to be construed in light of pertinent legal requirements. Changes in applicable laws and rules may affect the award process or the resulting contract. Bidders are responsible for ascertaining pertinent legal requirements and restrictions.

2.15 Release of Claims

By submitting a proposal, each bidder agrees that it will not bring any claim or have any cause of action against the State of Iowa based on any misunderstanding concerning the information provided in this RFP or concerning the State's failure, negligence or otherwise to provide the bidder with pertinent information as intended by this RFP.

2.16 Proposals Duration

Any submitted proposal shall remain a firm, valid proposal for twelve (12) months after the proposal due date.

2.17 Gratuities

Iowa law provides that it is a felony to offer, promise or give anything of value or benefit to a State employee with the intent to influence that employee's acts, opinion, judgment or exercise of discretion with respect to that employee's duties.

SECTION 3: GENERAL TERMS AND CONDITIONS OF THE CONTRACT

The contract that will be awarded as a result of this RFP will be based upon the proposal submitted by the successful bidder. The State of Iowa reserves the right to award a contract without further negotiation with the successful bidder or to negotiate contract terms with the selected bidder if the best interests of the State would be served.

Attached to and made part of this RFP is the State of Iowa's proposed Workers Compensation TPA contract applicable to this RFP (Attachment 3). Inclusion of this contract in no way represents an offer to contract.

The State acknowledges that the standard contract language will need to be incorporated into a contract for this type of service. However, the provisions and general language will be required to be reflected in any resulting agreement.

Proposals must include a redlined (deletions shown with strikeouts, additions shown with underlining) copy of the attached standard contract showing any and all change(s) that the bidder would propose to make. Any deviations to the requested services or contract terms should be clearly noted in the Deviations Worksheet, Attachment 2. Any contract language that is not modified with redlining shall be deemed to indicate that the bidder is willing to agree to that contract language as written. **The number, nature and extent of requested contract revisions in each bidder's proposal will be an evaluation factor.**

SECTION 4: SERVICE REQUIREMENTS AND MINIMUM QUALIFICATIONS

4.1 Description of Desired Services

The State of Iowa, Department of Administrative Services, is soliciting proposals for third party administration and managed care services of its employee Workers' Compensation Program, with a July 1, 2007 effective date. The State self-funds its claims administration program for workers' compensation risks and desires to have a third party administrator (TPA) provide specific services in connection with such self-insured program. These services include providing Claims Administration, Managed Care Services, Loss Control Services and Data Management.

4.2 Scope of Services

This RFP combined with information provided throughout the selection process will provide service delivery and design information sufficient for vendors to submit proposals to assume responsibility for the following required vendor service areas:

4.2.1 Claims Administration. The following is a summary of claims administration services that the chosen vendor will be responsible for performing.

- Receive all First Report of Injuries (FROI) and supporting claims documentation and convert into a paperless environment;
- The TPA will meet all reporting standards of DAS for management reports and for the provision of EDI as specified and required by the IWCC
- Case investigation;
- Claims adjudication;
- Setting and revising case unfunded liability levels (reserves);
- Telephonic and Field Case management which require travel and on-site meetings with claimants and providers;
- Timely and accurate claims processing by the TPA;
- Integration (through the WCC) with the State's staff and agencies on the resolution of cases, and accessing the return to work program; and
- Responsible for the development, maintenance and expansion of, and steerage to, the occupational health and pharmacy network
- Administration of the network and monitoring its performance, as well as securing the discounts and rebates will be the responsibility of the TPA.
- Timely processing of payments of benefits to claimants, medical providers and other miscellaneous vendors according to state mandated guidelines.
- Responsible for the review of medical, pharmacy and hospital bills and applying the Iowa fee schedule as well as any network negotiated discounts.

4.2.2 Data Management. DAS is expecting the chosen vendor to be the manager and data processor of all workers' compensation information and data. All workers' compensation data will reside with the vendor. The following is a summary of data management services that the chosen vendor will be responsible for performing.

- Acting as a repository for claim data and information;
- Overseeing data integrity;
- Entering proper security procedures, back-up procedures, and disaster recovery;

SECTION 4: SERVICE REQUIREMENTS AND MINIMUM QUALIFICATIONS

- Allowing authorized DAS/State agency representatives to enter data system to retrieve claim data and history information as well as standard and ad hoc reports;
- Ensuring seamless coordination with outside vendors when interfacing to transfer and receive data from external providers and vendors; and
- Managing all of DAS's workers' compensation data on the vendor's own systems and then providing data back to numerous DAS and agency users.

4.3 Minimum Bidder Qualifications

The following criteria must be met in order to be considered a full response to this RFP:

- Ability to provide a statewide medical provider network that provides competitive discounts
- Ability to provide a dedicated office in Des Moines, IA or some suburb of Des Moines.
- Ability to administer the State's required workers compensation program
- Demonstrated organizational financial stability.
- Adherence to RFP timelines and requirements.
- Satisfactory references.

4.4 Minimum Proposal Qualifications

4.4.1 Signature of Officer Binding the Bidder. The offer made by the proposal, and any clarifications to that proposal, shall be signed by an officer of the proposing bidder empowered to bind the bidder in a contract.

4.4.2 Acceptance of Terms and Conditions. Each bidder shall specifically stipulate that the proposal is predicated upon the acceptance of all terms and conditions stated in the RFP, and all attachments. If the bidder objects to any term or condition, it shall make specific reference to the RFP page and section number(s) at issue. Objections or responses that materially alter the RFP shall be deemed non-responsive and shall disqualify the bidder.

4.5 Minimum Experience

The bidder must have current experience providing Work Comp TPA services in the state of Iowa and to at least one other employer anywhere in the United States with **20,000** or more employees. Current public sector, union group, is preferred.

4.6 Errors and Omissions Insurance

Each bidder must either provide a copy of a certificate of insurance (not a statement or policy number) showing errors and omissions coverage with a minimum limit of \$1,000,000 per occurrence; or demonstrate that the bidder has alternative mechanisms, either through self-funding or another mechanism, to indemnify the State from such errors and omissions with a minimum limit of \$1,000,000 per occurrence (e.g., a letter from an officer of the company confirming adequate protection).

SECTION 4: SERVICE REQUIREMENTS AND MINIMUM QUALIFICATIONS

If this requirement is met through the maintenance of "errors and omissions insurance", all certificates shall contain the following certification and cancellation terms in the same or substantially similar form:

"I hereby certify that I am an authorized representative of each of the insurance companies listed above, and the coverage afforded under the policies listed above will not be cancelled, materially changed, or allowed to expire unless sixty (60) days written notice has been received by the State of Iowa".

Name of Issuing Agency

Signature of Authorized Representative

Address of Issuing Agency

Date of Issue of E&O Insurance _____

4.7 Iowa Registration

The bidder must be qualified to do business in the State of Iowa and must be registered with the appropriate state authorities.

SECTION 5: FORMAT AND CONTENT OF PROPOSAL

These instructions prescribe the format and content of the proposal and are designed to facilitate the submission of a proposal that is easy to understand and evaluate. Failure to adhere to the proposal format shall result in the disqualification of the proposal.

5.1 Instructions

- All proposals should be prepared simply and economically providing a direct, concise delineation of the bidder's proposal and qualifications. Proposals must meet the criteria set forth in this Section. A proposal checklist has been provided and must accompany submissions.
- Proposals should be typed or printed on 8.5" x 11" paper (one side only).
- All pages of proposals must have consecutive page numbers.
- The bidder must also submit one copy of the proposal from which confidential information has been excised. The confidential material must be excised in such a way as to allow the public to determine the general nature of the material and to retain as much of the proposal as possible.
- Proposals must respond to RFP requirements and questions by restating the number and text of the requirement in sequence and writing the response immediately after the restated requirement.
- No commissions will be payable.
- The program will have an effective date of July 1, 2007.
- All fees are to be guaranteed for 1 year; guarantees beyond this time frame will be viewed favorably.
- Dates of service incurred on and after the effective date are covered.
- Any reinsurance agreements or joint administration arrangements must be described in detail in your proposal and will be subject to approval by the State.
- Proposers must comply with the minimum performance objectives outlined in this RFP.
- **If your proposal is different in any way (whether more or less favorable) from that indicated in this RFP, clearly indicate any and all deviations in Attachment 2. If you do not, the submission of your proposal will be deemed a certification that you will comply in every respect (including, but not limited to, coverage provided, funding method requested, benefit exclusions and limitations, underwriting provisions, etc.) with the requirements set forth in this RFP. If you are unable to perform any required service indicate clearly: a) what you are currently unable to do; and, b) what steps will be taken (if any) to meet the requirement, the timetable for that process and who will be responsible for the implementation, along with that person's qualifications.**

5.2 Table of Contents

All proposals must include a table of contents and appropriate page number references.

5.3 Transmittal Letter

A transmittal letter is required. The transmittal letter shall be signed by an individual authorized to legally bind the bidder. The letter shall include the bidder's mailing address, telephone number, fax number, and email address.

A request for confidential treatment of information shall be included in the transmittal. Any request for confidential treatment must comply with all requirements for such requests as by

SECTION 5: FORMAT AND CONTENT OF PROPOSAL

Section 1 of the RFP. The absence of a request for confidential treatment shall be construed to mean that no portion of the proposal is requested by the bidder to be kept confidential.

5.4 Proposal Certification

Each bidder will sign and submit a certification stating that the contents of the proposal are true and accurate. The substance and form of the proposal certification is included in Attachment 4 to the RFP. The proposal certification must be on the bidder's letterhead and signed by an individual with authority to legally bind the bidder. Failure to provide the certification required by this Section shall result in the rejection of the proposal as noncompliant.

5.5 Contents of Proposal

The proposal submitted must respond to each section of the RFP. Specifically, the proposal must respond to each section of the RFP by restating the number and text of the requirement in sequence and writing the response immediately after the restated requirement indicating, where appropriate, that bidder has read, understands and will comply with the section or provide the required narrative response.

5.6 Certification of Independence and No Conflict of Interest

As Attachment 5 to the Proposal, each bidder shall sign and submit a certification stating that the proposal was developed independently and that no relationship exists, or will exist during the contract period, between bidder and the State that interferes with, or might interfere with, fair competition or is, or might be, a conflict of interest. The substance and form of the certification of independence and no conflict of interest is included as Attachment 5 to the RFP. This certification must be on the bidder's letterhead and signed by an individual with authority to legally bind the bidder in contract. Failure to provide the certification required by this section shall result in the rejection of the proposal as noncompliant.

5.7 Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion

As Attachment 6 to the Proposal, each bidder shall sign and submit with the proposal a certification stating that it is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from providing services or transactions by any federal or state department/agency. The substance and form of the certification regarding debarment, ineligibility, and voluntary exclusion is included as Attachment 6 to the RFP. This certification must be on the bidder's letterhead and signed by an individual with authority to legally bind the bidder in contract. Failure to provide the certification required by this section shall result in the rejection of the proposal as noncompliant.

5.8 Authorization to Release Information

As Attachment 7 to the Proposal, each bidder shall sign and submit with the proposal an authorization for the release of information to the State. The substance and form of the authorization is included as Attachment 7 to the RFP. This authorization must be on the bidder's letterhead and signed by an individual with authority to legally bind the bidder in contract. Failure to provide the authorization required by this section shall result in the rejection of the proposal as noncompliant.

SECTION 6: EVALUATION OF PROPOSALS

6.1 Award Process

The RFP Coordinator will review all proposals for compliance and qualification in terms of the service requirements and minimum qualifications. Following this initial review, an Evaluation Committee will review and score all compliant technical proposals. Deloitte Consulting will review and score the cost proposals. Finalists will be selected based on the technical and cost proposal scores.

The committee will consider all information provided in the proposal when scoring proposals and may consider relevant information from other sources. The State of Iowa reserves the right to award this contract not necessarily to the firm(s) with the lowest cost but to the firm which will provide the best match to the needs and priorities of the State and its employees.

6.2 Evaluation Process

The RFP Coordinator will conduct an initial review of minimally qualified candidates to select a reasonable number of finalists for review by the Evaluation Committee. The Committee will review and evaluate technical proposals and the State's employee benefits consultant, Deloitte, will review cost proposals. Representatives of the Committee may perform reference checks of the finalists and will report the findings to the Committee. A final round of evaluation may include interviews of finalists.

The Evaluation Committee will assign points for each of the evaluation criteria set forth in Section 6.3. The committee will base the points on its assessment of the bidder's response to each section.

After analyzing the Evaluation Committee's scores the RFP Coordinator will prepare a recommendation as to the bidder(s) that should be selected by the State. The State may, in addition to consideration of written proposals:

- Conduct interviews and hear personal presentations from the representatives of vendors selected as finalists (claims manager, supervisor, claims examiner, claims assistant, account representative, nurse case manager, account representative)
- Complete reference checks, visit bidder facilities, and take whatever additional actions are deemed appropriate in order to evaluate each bidder's service capabilities.
- Hold any additional meetings that may be required to negotiate a satisfactory contractual arrangement.

6.3 Evaluation Criteria and Scoring

6.3.1. Basis for Evaluating Proposals

A. Areas of review. The selection of the bidder will be based on the State's evaluation of each bidder in the following areas:

- Scope of services;
- Network with accessibility on a cost-effective basis to high-quality medical providers;
- Past performance in providing Work Comp TPA services
- The professional experience and proposed number of staff assigned to the State's account;

SECTION 6: EVALUATION OF PROPOSALS

- The extent to which the requirements listed in all sections of this RFP are met or exceeded;
- Willingness to enter into a performance-based contract;
- Compliance with contract as proposed;
- Responses to the questions - answers that state it is the vendor's policy not to respond to a given question will be seen as non-responsive and no points will be given for that response;
- Demonstrated financial strength, organizational size, and organizational stability; and
- Cost.

B. Preference for Iowa-based companies. In accordance with Iowa Code Section 18.6(10), preference will be shown to Iowa-based companies where proposals submitted are comparable in price and meet the required specifications.

6.3.2. Evaluation Criteria and Scoring

A. Claims Administration (200 Points)

1. Demonstrates staffing ability
2. Claims best practices within standards
3. Seamless integration with Managed Care Organization
4. Objective performance measures of accuracy and timeliness of claims processing
5. Vendor management and quality control measures in place
6. Thoroughness of business and transition plan
7. Ability to provide loss control services
8. Agreement with performance guarantees/criteria as proposed
9. Indemnity and medical only case loads within standards
10. Meets required qualifications and references

B. Managed Care Organization (150 Points)

1. Medical provider network and discounts (number and locations)
2. Cost benefit analysis/savings reports for services provided
3. Provides full range of services
4. Case management system's link with TPA claim system
5. Bill review and timeliness

C. Experience (100 Points)

1. Experience with large organizations (20,000 employees or more)
2. Experience with public-sector employers
3. Experience with unionized work force
4. Experience in the State of Iowa

SECTION 6: EVALUATION OF PROPOSALS

D. Organizational Qualifications	(75 Points)
1. History	
2. Financial strength and stability	
3. Adequate size	
E. Cost	(350 Points)
F. Data Management	(125 points)
1. Client online access	
2. Report customization	
3. Integration of Managed Care Organization's Data	
4. Up to date technology	
5. System reliability	
TOTAL	1,000 Points

6.4 Notification of Successful Bidder

After award of the contract(s), all bidders will be notified of the successful bidder(s).

6.5 Verification of Proposal and Contract Negotiation

The bidders shall meet all applicable contracting requirements imposed by this RFP and Iowa law. The successful bidder must, in a timely manner, enter into the contract with the State to implement the services contemplated by this RFP. It is expected that all such documentation will be executed within one hundred and eighty (180) days after the notification of the award. Failure of the successful bidder to agree to the terms of contract within that time period may be grounds for the State to award the contract to another compliant bidder.

6.6 Authority of the Department of Administrative Services

The Department of Administrative Services shall determine the quantity, quality, and acceptability of work and materials purchased under this contract. The Department shall decide all questions regarding performance and fulfillment of the contract, including the obligations of the contractor.

SECTION 7: PROPOSAL QUESTIONNAIRE

In order for your proposal to be considered and accepted, your organization must provide answers to the questions presented in this section. Each question must be answered specifically and in detail. Answers that state it is the vendor's policy not to respond to a given question will be seen as non-responsive and no points will be given for that response. Include both the question and the answer in your proposal. An electronic copy of this questionnaire has been provided to facilitate your response.

Reference should not be made to a prior response unless the question involved specifically provides such an option. Be sure to refer to the earlier sections of this RFP before responding to any of the questions, so that you have a complete understanding of all of the State's requirements with respect to the bid.

Please include any additional information in your proposal that you consider useful to the State. However, responses to all of the questions set forth below must be provided.

If this proposal results in your company being awarded a contract and if, in the preparation of that contract, there are inconsistencies between what was proposed and accepted versus the contract language that has been generated and executed, any controversy arising over such discrepancy will be resolved in favor of the language contained in the proposal or correspondence relating to your proposal. **Vendors must clearly note any and all deviations in the Deviations Worksheet in Attachment 2.**

Answers that state it is the vendor's policy not to respond to a given question will be seen as non-responsive and no points will be given for that response.

7.1 Company Organization, Strength and Experience

1. Provide a brief description of your organization, including your company history, organizational structure, services provided, and length of time you have been in the medical benefits insurance and administration business. Describe any pending agreements to merge or sell the company. Describe the size and locations of your offices, including the number of employees at each location.
2. Vendors responding to this RFP must be able to substantiate their financial stability. Provide a copy of your audited financial statement or other financial information. Include, at a minimum, a Balance Sheet and a Profit and Loss Statement, together with the name and address of the bank(s) with which you conduct business and the public accounting firm(s) that audit your financial statements. Other sufficient information may include a written statement from a financial institution confirming the creditworthiness and financial stability of the bidder.
3. Is there any pending litigation against the company not disclosed in the most recently audited financial statements? If so, give details and provide an opinion of counsel that the pending litigation will not impair the company's performance. Was your organization involved in any litigation with clients over the past five years? If yes, describe. Please describe any bad faith claims that have been made against your company in the past five years, including a description of how they were resolved.

SECTION 7: PROPOSAL QUESTIONNAIRE

4. State whether the bidder, its officers, agents or employees, who are expected to perform services under the State's contract, have been disciplined, admonished, warned, or had its license, registration, charter, certification, or any similar authorization to do business suspended or revoked for any reason.
5. How many clients are you contracted with nationally? In Iowa? In the table below, provide the average number of claimants for the geographic areas and time periods specified:

	National (including Iowa)	Iowa
As of January 2004		
As of January 2005		
As of January 2006		

6. What is the average size of your client list (in terms of eligible claimants)? What is the size of your largest client (number of eligible claimants)?
7. What ratings have you received from the following rating companies?

Company	Rating
A.M. Best	
Standard & Poor's	

8. State whether your organization is a small business or certified targeted small business as defined in Iowa Code section 15.102.
9. What fidelity and surety insurance or bond coverage do you carry to protect your clients? Specifically describe the type and amount of the fidelity bond insuring your employees that would protect this plan in the event of a loss. Do you agree to furnish a copy of all such policies for review by legal counsel if requested?
10. Discuss your organizations affiliation, if any with the following: Bidders must disclose any financial arrangements with such firms.
- a. Managed Care Service providers
 - b. Other Medical Service providers
 - c. Medical bill review services providers
 - d. Defense attorneys
 - e. Annuity companies
 - f. Investigative Firms
11. Please describe what banking services you are proposing for the State of Iowa

7.1.2 References and Experience

12. Provide the following detailed information on a maximum of three (3) of the company's largest clients to whom you provide TPA services. Public sector references of similar size to the State of Iowa are preferred.
- a. Name of the employer

SECTION 7: PROPOSAL QUESTIONNAIRE

- b. Number of open claims
 - c. Types of services provided to client
 - d. Contact information (name, phone number, fax number, email address)
13. Has your organization ever held a contract with the State of Iowa? If so, specify dates, contracting department, the name and title of the state official overseeing the contract, and the services performed.
14. State whether, during the preceding three-year period, the bidder has been terminated by any large (>1,000 employees) client. If bidder has been terminated on any contract, identify each such contract, provide a description of the facts and circumstances of the termination, and provide the name, address, and telephone number of a contact person with the entity with whom the bidder had the contract.
15. State whether, during the preceding three-year period, the bidder has terminated a contract prior to the expiration of the stated contract term. If so, list all such contracts, provide a description of the facts and circumstances of each termination, and provide the name, address, and telephone number of a contact person with the entity with whom the bidder had the contract.

7.2 Implementation and Account Management

16. Describe the timetable and specific tasks involved to have your services operative for the 2008 Fiscal Year (July, 2007). Include a detailed implementation plan and business plan or timeline. Be specific with regard to the following:
- Timing of significant tasks
 - Responsibilities of State of Iowa
 - Transition with incumbent carrier(s)
 - Length of time implementation team will be responsible for the State of Iowa
 - Staffing and TPA location, how will you staff up for this account?
 - Maximum Case loads per examiner and medical only clerk
 - Data conversion and coordination (Attachment 8 – Exit Plan Description)
17. Designate the names, titles, location, telephone numbers, email addresses, and fax numbers of the following representatives of the company. For the account service individuals listed, provide brief biographical information, such as years of service with your company, experience as it relates to this proposal, and the number of clients for which they perform similar services.
- a. The key individual representing your company during the proposal process;
 - b. The key individuals on your proposed implementation team;
 - c. The key individual who will be assigned overall contract management; and
 - d. The key individual responsible for day-to-day service.
18. Please provide the following information on the specific areas listed below that will be servicing the State of Iowa. The State wishes to have a TPA office located in Des Moines and wishes to have this office and staff dedicated to the State's business alone or possibly with one other non-public employer client. Is this possible?

SECTION 7: PROPOSAL QUESTIONNAIRE

	Geographical Location(s)	Hours of Operation (Specify PST/CST/EST)	Is this service Outsourced? Yes or No? <i>If Yes, provide name of company to which the function is outsourced</i>
Call Center FROI			<input type="checkbox"/> Yes Specify Company Name: _____ <input type="checkbox"/> No
Claims Administration Office			<input type="checkbox"/> Yes Specify Company Name: _____ <input type="checkbox"/> No
Account /Program Management Office			<input type="checkbox"/> Yes Specify Company Name: _____ <input type="checkbox"/> No
Managed Care Organization			<input type="checkbox"/> Yes Specify Company Name: _____ <input type="checkbox"/> No
Other (Specify functional area)			<input type="checkbox"/> Yes Specify Company Name: _____ <input type="checkbox"/> No

19. Can you give an example of how you were able to reduce the workers' compensation costs for a client? If so, please describe and provide the name and contact information for the client you are providing as an example.

7.3 Claims Administration

20. How long has your claims system been operational? Is your claims administration software developed internally or purchased from an external vendor? Do you expect to make any major system changes (i.e., move locations, upgrades, etc.) in the next 24 months? If yes, what are they and how will this impact the State of Iowa?
21. Please describe your first report of injury process.
22. What is your lag time between date of injury, employer's date of knowledge and report date for your clients? How do you measure the time? What are your performance standards?

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23. Provide a flow chart describing the process from the time a worker is injured until the claim is closed. Please include any time standards for contacting the injured worker, the employer and the treating physician.
24. How are medical only claims handled? Is 3-point contact required on these claims?
25. Please describe the criteria used by your adjusters to involve medical management, both telephonic and on-site.
26. Describe your criteria for recommending surveillance or other investigative services. Without discussing actual fees, please explain how surveillance fees are charged.
27. Does your company have a financial interest in any investigative firm proposed. If so please disclose the relationship.
28. What is your response time to physician inquiries, employee inquiries and client inquiries? How is this response time measured?
29. What is your response time for medical referrals and treatment authorization requests?
30. What role does your company, and your adjusters in particular, serve in the litigation process? Define your operating guidelines.
31. Does your company have any experience working with State accounts where the litigation responsibilities are handled by the State's Attorney General's Office? Does your company have any reservations about operating in such a situation?
32. What is your average of litigated claims on a per client basis?
33. Are your adjusters required to use action plans? If so, define your protocols. If not, please explain why not.
34. Who is responsible for establishing and reviewing reserves?
35. When is the initial reserve set for each claim?
36. Is a reserve analysis contained in every file? Please provide a copy of the reserve analysis worksheet used by your adjusters.
37. How often are reserves reviewed?
38. Do you recommend reserving to ultimate or probable exposure? Explain why.
39. What are your company protocols for settlement and subrogation? Do you use a subcontractor to provide subrogation services?
40. Describe your claims investigation protocols.

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41. What is the average caseload per adjuster for your company? Specify by medical only claims versus indemnity claims. Indicate your national average and State of Iowa average.
42. Detail your capabilities, if any, to provide research required by attorneys, claims personnel and risk managers in assessing the merits of claims and making decisions as to the resolution of claims.
43. Describe your firm's Workers' Compensation Fraud Unit, its policies, procedures and how they would communicate and work with DAS staff.
44. Describe your firm's standard ratio for case closures as related to new and reopened claims. Provide an example utilizing six months of data from another client in Iowa. Explain how you utilized closure performance comparisons and the frequency that these comparisons are done. Explain other criteria used to determine the appropriateness of closing cases.
45. What area or functions within your company offers the greatest opportunity for process improvement? What is your plan of action to improve or correct this area or function?

7.3.1 Medical Case Management

46. Describe your case management program. What is the process for identification of patients for large case management and how claims are transferred to case managers? Finally, what services does the case manager provide; are these services provided telephonically or onsite?
47. What is the criteria for referring a case to telephonic case management? On-site case management? Vocational rehabilitation? Without discussing actual fees, please explain how case management fees are charged
48. Do you provide utilization review? If yes, please describe, including the medical protocol guidelines you use.
49. Do you provide physician review? Please describe.
50. Does your own staff deliver medical management services or is a medical management vendor used? If you use an outside vendor for these services, what vendor(s) do you use? Of these vendors, please identify the top two that you would recommend be used for DAS's program and explain why.
51. If outside vendor is used, how are case management notes entered into the claims system? Is your claims system interfaced with the vendors case management system? Is this real time information?
52. What outcomes do you use to measure the effectiveness of medical case management services?

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53. Describe your process for handling transition of care issues. Please be specific with respect to inpatient and outpatient services and identify the diagnoses you typically authorize for extended transition of care.

7.3.2 Medical Bill Review

54. Please describe your medical bill review flow.
55. Please describe each of the bill review services you provide, e.g., hospital bill review, state fee schedule re-pricing, PPO re-pricing, etc.
56. Do you use an outside vendor to provide medical bill review? If so, identify the vendor(s) you use. Of these vendors, please identify the top two that you would recommend using for The State of Iowa's program and explain why.

7.4 Claims Best Practice

57. Identify your top ten best practices that you have determined make a difference in your claim handling results.
58. How are these best practices objectively measured? How often are they measured?
59. If you could create the perfect staffing model for the State of Iowa, how would it look?
60. What is your best practice for reviewing incoming mail?
61. What is your best practice for evaluating new claims?
62. What tools and/or resources do your claims examiners have when working their files?
63. Please provide a copy of your company's Best Practices for claims handling.

7.5 Performance Standards and Benchmarking

64. What standards have you set for your adjusters/claims examiners? How are they measured? What results are shared and how often? Are the results shared with the adjusters and your clients? Please provide the same information regarding performance standards and results used to measure your supervisors.
65. Describe how you have been a resource to your clients for benchmarking studies. Also describe how you have been a resource to identify trending information for individual clients.
66. Provide the average cost of indemnity and future medical claims for all claims you have handled with date of injury between calendar year 2004 and 2005, paid and incurred as of June 30, 2006

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67. Describe the features that distinguish your firm from other TPA's.

7.6 Data Management and Reports

68. What type of data system do you use?

69. Would you be able to provide on-line service to DAS? What information would be available on-line? Is there an additional charge for this service? If so, how is it calculated?

70. Will you provide on-line service to our legal counsel and other state agencies? Would there be an additional charge for this service and if so, how is it calculated?

71. Will you be able to customize screens and reports for the State of Iowa if awarded this contract? Please explain.

72. State employees are allowed to supplement TTD or TPD payments with accrued leave. To coordinate this benefit with the State's payroll systems a weekly report of such payments will be required. As well as daily disbursement activity reports. Will you be able to accommodate this need?

73. As an attachment to the Proposal, provide a sample of standard management reports that you would agree to provide the State, including web-based reports. Please include the timing and frequency of these reports. Of special interest is a 1-2 page management level summary reports.

74. Are you willing to provide ad hoc reports? How long do they generally take to produce? Is there an additional fee? Please identify who in your organization would be responsible for providing such reports, including where they are located.

75. If you contract with another vendor for managed care services or bill review, do your systems interface? How are case management notes entered into your claims system?

76. Can you provide monthly reports detailing savings generated by medical bill review and medical management programs? If yes, please provide samples.

77. How long do you retain claim information?

78. How often is your data system down? Explain how your company responds to such situations and how long, on average, it takes you to get your data system up and running after it has been down.

7.7 Loss Control Services

79. Does your firm provide loss control services? The following is a list of services that may be requested. Please complete the table on the following page:

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Loss Control Service Description	Can you company provide these services? Is this service Outsourced? Yes or No? <i>If Yes, provide name of company to which the function is outsourced</i>
Casualty Services <ul style="list-style-type: none"> • Life Safety Code Review & Analysis • Loss Analysis • Site Condition & Operation Evaluation • Liability Evaluation with Quality Control Analysis 	<input type="checkbox"/> Yes can provide <input type="checkbox"/> Outsourced <i>Specify Company Name:</i> _____ <input type="checkbox"/> No cannot provide
Workers' Compensation Safety Program Evaluation & Development (includes) <ul style="list-style-type: none"> • Content & Implementation • Site Conditions & operations • Analysis of Loss Experience • Assess Program Deficiencies • Recommend Improvements 	<input type="checkbox"/> Yes can provide <input type="checkbox"/> Outsourced <i>Specify Company Name:</i> _____ <input type="checkbox"/> No cannot provide
WC General Site Loss Control Survey <ul style="list-style-type: none"> • Analysis of Exposures, Hazards & Controls • Recommendation Development 	<input type="checkbox"/> Yes can provide <input type="checkbox"/> Outsourced <i>Specify Company Name:</i> _____ <input type="checkbox"/> No cannot provide
Employee Safety Training <ul style="list-style-type: none"> • Supervisor Safety Responsibilities • Accident Investigation • Utilization of Safety Committees • Hazards of Flammable & Combustible Liquids • Chemical Hazard Communication Programs • Proper Lifting Techniques 	<input type="checkbox"/> Yes can provide <input type="checkbox"/> Outsourced <i>Specify Company Name:</i> _____ <input type="checkbox"/> No cannot provide
Industrial Hygiene <ul style="list-style-type: none"> • Personal Air Sampling • Area Monitoring • Noise Exposure • Laboratory charges, cost plus 10 % Administrative charge 	<input type="checkbox"/> Yes can provide <input type="checkbox"/> Outsourced <i>Specify Company Name:</i> _____ <input type="checkbox"/> No cannot provide
Ergonomics <ul style="list-style-type: none"> • Onsite Survey, Evaluation & Recommendation 	<input type="checkbox"/> Yes can provide <input type="checkbox"/> Outsourced <i>Specify Company Name:</i> _____

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	<input type="checkbox"/> No cannot provide
Insurance Related Services <ul style="list-style-type: none">• Underwriting Surveys	<input type="checkbox"/> Yes can provide <input type="checkbox"/> Outsourced <i>Specify Company Name:</i> _____ <input type="checkbox"/> No cannot provide

7.8 Quality Controls & Audits

80. Describe the quality controls, auditing and peer review mechanisms in place for your claim processing department. Do you use internal or independent/outside auditors?
81. Do you agree to offer the State the right to audit your organization's claim processing service, records and other relevant activity associated with its claimants? If so, are you willing to partially pay for the audit as the results can be used to the mutually benefit of both the State and the carrier?
82. Describe your disaster recovery plan for restoring application software and master files.
83. What is the percentage of claims audited? What is the frequency that internal audits are performed? What is the percentage of claims audited?
84. What security measures do you have in place to insure the integrity of your data systems and the personal health information of members on these systems?

7.9 Performance Criteria

Performance-based measures are required to be included in any State contract pursuant with Iowa Code section 8.47 (1) (Iowa Code 2005). Please review these proposed performance criteria carefully and provide your comments and suggestions in the vendor comments column, and detail in your proposal.

7.9.1 Objective

The objective of this agreement is to ensure that Selected TPA Services, Inc. ("Selected TPA") performs their duties as claims administrator to standards that promote effective claims handling and cost containment for the State of Iowa. This performance guarantee program will serve to ensure that the TPA is in compliance with claims leading claim handling practices as stated in the performance goal.

7.9.2 Effective Period

The performance guarantee is effective for claims received during the period of October 1, 2007 to June 30, 2008, for the first contract year and from July 1, to June 30 for all remaining years of the contract.

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7.9.3 Applicability

This performance guarantee applies to newly arising indemnity workers' compensation claims handling in all states where Selected TPA has been designated the Third Party Administrator (TPA) for the State of Iowa. This performance guarantee will be applicable during the first contract year (July 1, 2007 through June 30, 2008) and is subject to modifications, agreed upon by both parties, for subsequent years based on annual audit results.

7.9.4 Audit Guidelines

The State will conduct a performance guarantee audit after the first contract year ending June 30, 2008.

7.9.5 Measurement Guidelines

Selected TPA is responsible for proper documentation with respect to the guaranteed actions. Each action will be measured based on the existence of documentation in the claim file that the action has been taken and documented as required.

7.9.6 Service fee at risk

The TPA will place a portion of its service fee at risk if its performance is below the goals defined in the performance guarantee. A service fee at risk is established for each category. The percentage of compliance will be rounded to the nearest whole number to determine the service fee at risk for each action.

The maximum service fee at risk is **\$80,000**. If there is a service fee at risk, the service fee at risk amount will be paid within thirty days of finalization of audit.

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7.9.7 Performance Goals

Performance Goal	Performance Rating Criteria	Service Fee at Risk	Service Fee Cap	Vendor Acceptance
3 Point Contact Employee	Each point below 90%	\$500 each % point	\$5000	
3 Point Contact Employer	Each point below 90%	\$500 each % point	\$5000	
3 Point Contact Medical Provider	Each point below 90%	\$500 each % point	\$5000	
Subsequent Employee Contact	Each point below 90%	\$500 each % point	\$5000	
Compensability	Each point below 90%	\$500 each % point	\$7,500	
Action Plan	Each point below 90%	\$500 each % point	\$7,500	
Supervisor Review	Each point below 90%	\$500 each % point	\$7,500	
Indemnity Payments	Each point below 90%	\$500 each % point	\$7,500	
Misc. Payment	Each point below 90%	\$500 each % point	\$7,500	
Medical Bill Review	Each point below 90%	\$500 each % point	\$7,500	
Utilization Review	Each point below 90%	\$500 each % point	\$7,500	
Case Management	Each point below 90%	\$500 each % point	\$7,500	
		Total Fees at Risk	\$80,000	

7.9.7 Performance Goal Definitions

Performance Goal – 1. Three Point Contact

Employee Contact -

Selected TPA will complete the initial contact with the injured employee within 24 hours (by the end of the business day following receipt) of all indemnity claims. Two additional attempts will be made in the next two business days if the injured employee was not contacted on the first attempt. For purposes of this guarantee, contact is considered complete if contact has been made or the attempt (at least 3 tries) was noted in claim notebook within the required time frame (documentation required). If contact is not made, a contact letter will be sent. The range of acceptable performance is 90% or above.

Employer Contact -

Selected TPA will complete the initial contact with the employer contact / supervisor within 24 hours (by the end of the business day following receipt) of all indemnity claims. Two additional attempts will be made in the next two business days if the employer was not contacted on the first attempt. For purposes of this guarantee, contact is considered complete if contact was made or the

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attempt (at least three tries) was documented in the claim notebook within the above time frame (documentation required). The range of acceptable performance is 90% or above.

Medical Provider Contact

Selected TPA will complete the initial contact with the treating medical provider within 24 hours (by the end of the business day following receipt) of all indemnity claims. Two additional attempts will be made in the next two business days if the medical provider was not contacted on the first attempt. For purposes of this guarantee, contact is considered complete if contact was made or the attempts (at least three tries) were documented in the claim notebook within the above time frame (documentation required). The range of acceptable performance is 90% or above.

Performance Goal – 2. Subsequent Employee Contact

On all non-litigated indemnity claims, Selected TPA will contact all injured employees at least every 14 days during periods of temporary disability(unless disability duration is less than standard deviation) If the employee has returned to modified work, the contact with the employee should be at least every 30 days until the employee reaches permanent and stationary status. Contact can be made either telephonically or in person by the claim adjuster. Contacts must be documented in the file notes. The range of acceptable performance is 90% or above.

Performance Goal - 3. Compensability

Within 14 days of assignment, investigation activities will be clearly documented to support the compensability determination made on the claim. In the event a claim is delayed, further investigative action steps should be outlined in the claim notes. The range of acceptable performance is 90% or above.

Performance Goal – 4. Action Plan

The Selected TPA adjuster will document an initial action plan within 30 days of receipt of the first report. Updated action plan summaries will be completed and placed in any active indemnity file at least every 30 days after completion of the initial action plan. Subsequent action plans on inactive files will be updated but no less than every 90 days or when circumstances change which alter the previous action plan. The summary will include any and all information that relates to the direction and value of the case, as well as further work to be done and a target date for completion. The range of acceptable performance is 90% or above.

Performance Goal – 5. Supervisor Review

The Selected TPA claim supervisor shall document an initial supervisor review within 30 days of receipt of claim. Subsequent supervisor reviews shall be documented every 90 days until file closure. The range of acceptable performance is 90% or above.

SECTION 7: PROPOSAL QUESTIONNAIRE

Performance Goal - 6. Indemnity Payments

Selected TPA shall process initial and all undisputed subsequent indemnity payments in a timely manner. All indemnity payments shall be posted within statutory limits. The range of acceptable performance is 90% or above.

Performance Goal - 7. Miscellaneous Payments

Selected TPA shall pay all undisputed bills (e.g., medical, legal, etc.) within 30 days from the date of receipt of the bill. The range of acceptable performance is 90% or above.

Performance Goal - 8. Managed Care Services

Medical Bill Review

Selected TPA will ensure that the managed care service provider processes routine bills within 5 business days or less on 85% of overall bill volume and processes complex bills within 10 business days including facility desk audits, pharmacy PPO bills and prompt pay negotiation bills, which should not exceed 15% of overall bill volume. The range of acceptable performance is 90% or above.

Utilization Review

Selected TPA will identify and authorize managed care provider to perform UR / TCM on appropriate cases meeting the State of Iowa's triage criteria and must complete this within 48 hours of claim assignment. Stand alone UR shall be referred when medical information received meets the State of Iowa's UR criteria. The range of acceptable performance is 90% or above.

Case Management

Selected TPA will identify and authorize managed care service provider to perform TCM on appropriate cases meeting the State of Iowa's on-site criteria. Managed care service provider must complete this within 24 hours of a change in the claim status which meets the on-site referral criteria. The range of acceptable performance is 90% or above.

Please review the Description of Desired Services section of this RFP for funding and services requested

SECTION 8: COST PROPOSAL

8.1 Cost Proposal Exhibits

Please complete the questions and exhibits in this section. These exhibits are to be submitted to Deloitte only and in a separate sealed envelope. The exhibits must be submitted in the prescribed format and have been provided electronically to facilitate your response.

DAS is requesting that pricing be presented in a “Cost Plus Fixed Fee” format as described below. The Cost Plus Fixed Fee pricing is referred to as Option A in this RFP. This pricing option is mandatory for this RFP. While bidders may present other proposed pricing arrangements (Option B), bidders who do not submit pricing for Option A will be considered as non-responsive to the RFP and their proposal will be rejected on that basis.

Mandatory Option A: Cost Plus Fixed Fee Pricing

Provide a Cost Plus Fixed Fee price for claims administration. This option is based on having dedicated adjusters located at the TPA’s office located in Des Moines, Iowa with individual caseloads of 150 to 160 indemnity claims and medical only claims not to exceed 250 claims per examiner.

Pricing on the Cost Plus Fixed Fee basis should include expenses incurred by the TPA that will be “passed on” directly to DAS based on the actual amount of the expenses. These actual expenses include primarily the salaries and benefits of the TPA employees who are fully dedicated to DAS claims, i.e., work exclusively on DAS claims. These expenses should be referred to as the “Cost Pricing Elements for Staffing and Salaries” and must be itemized accordingly in the bidders’ proposal.

Another element of the Cost Plus Fixed Fee price should be the Fixed Fee Element portion of the proposal. The Fixed Fee Element of the proposal would include the profit and prorated corporate overhead of the TPA. This element may include, but is not limited to, expenses such as training, travel and educational expenses associated with the claims adjusters who would be working exclusively on DAS’s claims. The TPA should include in the Fixed Fee Element all costs not specified as part of the Cost Pricing Element for Staffing and Salaries. All such costs must be itemized in the bidders’ proposal. Implementation / Conversion costs should also be listed and itemized according to expense type.

Bidders should also include in this option the proposed cost for loss control services and managed care services, including medical bill review, preferred provider networks, pharmacy networks and medical management. These items must be clearly documented with a complete description of all such services to be included with the proposal. Bidders must complete the pricing section of the tables for loss control services and managed care services.

Alternative Option B: Other Proposed Pricing Arrangements

Bidders are welcome to propose any other pricing arrangements provided they are clearly documented with attached clarification.

SECTION 8: COST PROPOSAL

Loss Control Services:

The following table represents loss control services that may be requested. Please complete the cost information as requested by the types of loss control services indicated.

Loss Control Services	Please indicate Hourly Rate and/or Task Fee
Casualty Services Life Safety Code Review & Analysis Loss Analysis Site Condition & Operation Evaluation Liability Evaluation with Quality Control Analysis	
Workers' Compensation Services	
WC Safety Program Evaluation & Development (includes) Content & Implementation Site Conditions & operations Analysis of Loss Experience Assess Program Deficiencies Recommend Improvements	
WC General Site Loss Control Survey Analysis of Exposures, Hazards & Controls Recommendation Development	
Employee Safety Training	
Supervisor Safety Responsibilities Accident Investigation Utilization of Safety Committees Hazards of Flammable & Combustible Liquids Chemical Hazard Communication Programs Proper Lifting Techniques	
Industrial Hygiene	
Personal Air Sampling Area Monitoring Noise Exposure Laboratory charges, cost plus 10 % Administrative charge	
Ergonomics	
Onsite Survey, Evaluation & Recommendation	
Insurance Related	
Underwriting Surveys	
Other Loss Control Services Not listed	

SECTION 8: COST PROPOSAL

Managed Care Services:

If you use an outside vendor for managed care services, please identify the top two that you would recommend be used for DAS's program and complete the following table for each.

Proposed Managed Care Vendor # 1

Managed Care Vendor Name Local Office Address:	Vendor Contact Name Title Telephone Number
Managed Care Services	Please Complete the requested fee/cost
Provider Fee Management Usual Customary & Reasonable	Cost per line
Out of Network Bill Review	% of savings
Preferred Provider Organization Networks (PPO)	% of Savings
Hospital Bill Review (Non-PPO)	% of Savings
Field Case Management	Cost per Task or Cost per Hour
Utilization Review Prospective Review Concurrent Review Physician Peer Review	Cost per treatment Cost per treatment Cost per Review
Bundled Case management Services Includes: Evaluation and 30 day s management Prospective UR Concurrent UR Nurse Access to Physician Advisor RTW Consultation	Cost per claim
Unbundled Case Management Services Early Assessment (3 point contact, report) First 45 days telephonic case management Monthly telephonic case management (after 45 days)	Cost per claim Cost per claim Cost per claim
Other Services Not listed	

SECTION 8: COST PROPOSAL

Proposed Managed Care Vendor #2

Managed Care Vendor Name Local Office Address:	Vendor Contact Name Title Telephone Number
Managed Care Services	Please Complete the requested fee/cost
Provider Fee Management Usual Customary & Reasonable	Cost per line
Out of Network Bill Review	% of savings
Preferred Provider Organization Networks (PPO)	% of Savings
Hospital Bill Review (Non-PPO)	% of Savings
Field Case Management	Cost per Task or Cost per Hour
Utilization Review Prospective Review Concurrent Review Physician Peer Review	Cost per treatment Cost per treatment Cost per Review
Bundled Case management Services Includes: Evaluation and 30 day s management Prospective UR Concurrent UR Nurse Access to Physician Advisor RTW Consultation	Cost per claim
Unbundled Case Management Services Early Assessment (3 point contact, report) First 45 days telephonic case management Monthly telephonic case management (after 45 days)	Cost per claim Cost per claim Cost per claim
Other Services Not listed	

Attachments

ATTACHMENT 1 – PROPOSAL CHECKLIST

STATE OF IOWA TPA PROPOSAL CHECKLIST

One original copy of this form must be completed and accompany proposals.

Item	Provided (Please check if completed and included with your proposal)
Signed Transmittal Letter Accept RFP Terms and Conditions Verification of Iowa Registration	
Errors and Omissions Insurance	
Deviations Worksheet (Attachment 2)	
Proposal Certification Form (Attachment 4)	
Certification of Independence and No Conflict of Interest Form (Attachment 5)	
Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion Form (Attachment 6)	
Authorization to Release Information Form (Attachment 7)	
Questionnaire	
Cost Proposal (to Deloitte only) Exhibits Cost Proposal Questionnaire	
Proposed Contract Changes (redlined document, if any)	

**STATE OF IOWA
PROPOSAL DEVIATIONS WORKSHEET**

**Please complete the following worksheet for any and all deviations included in your proposal.
Please add additional pages as needed.**

Required Service You are Unable to Perform	Steps Taken to Meet Requirement	Timetable and Person Responsible

SERVICE AGREEMENT FOR ADMINISTRATION OF THE STATE OF IOWA'S WORKERS' COMPENSATION CLAIMS

SECTION 1. IDENTITY OF THE PARTIES

The parties to this Master Services Agreement for Workers' Compensation Third Party Administration (TPA) ("Agreement") are _____, ("Company") and the State of Iowa, through the Department of Administrative Services ("State"). For identification purposes, the date of this Agreement is the date it is signed by the State.

SECTION 2. PURPOSE

The purpose of the Agreement is to set forth the terms and conditions under which Company will provide Workers' Compensation Third Party Administration services in connection with the State's self-funded workers' compensation program (the "Program").

SECTION 3. DURATION OF AGREEMENT

The Term shall be July 1, 2007 through June 30, 2009 ("Initial Term"), unless terminated earlier in accordance with the section of the Agreement entitled "Termination" or unless renewed as described in this Section. The State may extend this Agreement for up to two additional two-year extensions (each such two-year extension may be referenced to as an "Extension Term" and then shall become part of the Term), upon written notice to Company on or before the expiration date of the applicable Term. Notwithstanding anything to the contrary in this Agreement, each Extension Term will begin upon expiration of the prior Initial Term or Extension Term and will have the duration of two years or as otherwise specified in the State's notice. The word "Term" shall mean the Initial Term or the Extension Term, as applicable.

SECTION 4. DEFINITIONS

For the purposes of this Agreement, the terms described herein and all other terms defined in this Agreement shall have the meanings so defined unless the context clearly indicates otherwise. Words in the singular shall be held to include the plural and vice versa, and words of gender shall be held to include the other gender as the context requires.

4.1 "Allocated Loss Adjustment Expenses" shall mean all costs, charges or expenses incurred by the Company, its agents or its employees which are properly chargeable to a Qualified Claim including, without limitation, court costs, fees and expenses of attorneys, independent adjusters, investigators, appraisers, medical cost containment service providers (including those provided by the Company, if applicable), experts and witnesses, and fees for obtaining diagrams, reports, documents, index bureau filings and re-filings, and photographs.

4.2 "Agreement" means this Agreement, all exhibits, amendments, and documents incorporated by reference.

4.3 "Administrative Services" means those services to be performed by Company for the State in connection with this Agreement. These services include, but are not limited to, claims processing in accordance with the written claims administration policies agreed to by the parties and amended from time to time, a focused customer service team, Case Management Services and data processing and

reporting services. It also includes such other related services as the parties may agree are appropriate and necessary to accomplish the objectives of this Agreement.

4.4 “Claimant”

4.5 “Company” means _____ its directors, officers, employees, agents, partners, affiliates, consultants, and other persons acting under the direction and control of the Company.

4.6 “Contested Case” means a claim in which an Original Notice and Petition has been filed with the Iowa Workers’ Compensation Commission.

4.7 “IBNR” means incurred but not reported claims.

4.8 “Program” means the self-funded program for workers compensation risks for the State of Iowa.

4.9 “Practitioner” means any licensed person recognized by Company to provide medical services to claimants.

4.10 “Proposal” shall mean the response by Company to the RFP, including any attachments, appendices, clarifications, addenda, or other writings.

4.11 “Provider” means any health care provider that has subcontracted with the Company to furnish medical services to claimants.

4.12 “Qualified Claim” means all claim and loss reports received from the State that is required to be reviewed under the Program.

4.13 “RFP” means the Request for Proposals issued by the State of Iowa, Iowa Department of Administrative Services and entitled Workers’ Compensation Third Party Administrator (TPA) dated September 2006.

4.14 “State” means the State of Iowa

4.15 “State Oversight Body” means the Iowa Workers’ Compensation Commission of the Iowa Department of Workforce Development.

4.16 “Subcontract” means any written agreement between the Company and another party to fulfill one or more of the Company’s duties under this Agreement.

4.17 “Subcontractor” means a party, other than the Company, to a Subcontract.

SECTION 5. DUTIES & RESPONSIBILITIES OF THE COMPANY

5.1 Scope of Services.

5.1.1 Claims Administration. Company shall:

- During the term of this Agreement, review all Qualified Claims, and process each Qualified Claim in accordance with applicable laws, administrative regulations, the policies procedures of the International Association of Industrial Accident Boards and Commissions’ (IAIABC) Release 2 EDI package, and the State directions;

- Conduct an investigation of each Qualified Claim to the extent deemed necessary by Company in the performance of its obligations hereunder;
- Arrange for independent investigators, appraisers, or medical or other experts to the extent deemed necessary by Company in connection with processing any Qualified Claim;
- Pay benefits, expenses, and adjust or settle each Qualified Claim, in accordance with what the State specifically approves or directs;
- Maintain a file for each Qualified Claim that shall become the property of the State and which shall be available for review by the State and the State's agents at any time;
- Assist the State's counsel, as requested, in preparing the defense of litigated cases arising out of Qualified Claims, negotiating settlements and pursuing subrogation or contribution actions;
- Maintain a current estimate of the expected total cost of each Qualified Claim that is based on facts known at the estimation date, but is not trended or actuarially developed;
- Use Company's data management system to furnish to the State loss and information reports either weekly, monthly, quarterly, or annually. These reports can be found in Exhibit #.
- Annually and timely report federal, state and local Form 1099 information under the State's tax identification number(s) for Company payments issued by Company on the State's bank account(s) established and owned by the State for this purpose, but not for payment authorizations when Company does not issue the checks. Any inquiries about 1099 forms shall be referred to Company for response and resolution to the extent the payment was made by Company;
- Company will establish a mechanism to receive the State's income offset files at least monthly to identify, notify, withhold funds from vendors who owe the State of Iowa money, and complete the income offset process in accordance with the Iowa Department of Revenue's guidelines;

5.1.2. Managed Care Services – It is unknown at this time if the Company has its own managed care services or if it will be subcontracted out to a managed care service provider. If contracted out, the State recognizes and agrees that the delivery of these services is being provided pursuant to separate agreements either between the managed care provider and the Company or with the state directly. Invoice for these services will be paid as allocated loss adjustment expenses on individual claims per the fees set forth in exhibit #. The state expects the following managed care services, as defined herein:

5.1.2.1 Initial Contact. The Company's claims professional will make initial contacts to determine compensability. The case will be triaged based on preset triggers and/or the claims professional's judgment to determine if the case will be sent to managed care.

5.1.2.2 Provider Fee Management. The Company's managed care bill review process reviews bills against up-to-date and accurate mandated state fee schedules or the usual and customary ("UCR") data base, whichever is appropriate, to reveal excessive, duplicate, or inappropriate charges.

5.1.2.3 Preferred Provider Organization ("PPO") Networks. The Company's managed care provider will provide access and channeling to regional PPO networks under the Company's managed care program in conjunction with the provider fee management service and provide a percentage of savings when using the network.

5.1.2.4 Hospital Bill Review. Hospital or outpatient non-PPO bills will be reviewed by a nurse for possible errors or excessive charges relative to the patient's medical diagnosis at Company's or State's request.

5.1.2.5 Out of Network Bill Review. Bills from out of network health care providers will be reviewed for possible errors or excessive or inappropriate charges relative to the patient's medical diagnosis at Company's or State's request. This service will also include Prompt Pay Negotiation activity as appropriate.

5.1.2.6 Field Case Management. The MCO provider will provide for field medical and vocational management services.

5.1.2.7 Utilization Review. Includes the following components:

- **Prospective Review** - a review prior to treatment or admission conducted by an experienced registered nurse to validate or negotiate the necessity, setting, frequency, intensity and duration of care delivery.
- **Concurrent Review** - during the course of treatment, a review of treatment and planned procedures and establishment of target completion dates.
- **Peer Review** - physician-to-physician contact to resolve treatment and diagnosis questions.

5.1.2.8 Pharmacy Services. Cardless program made available to State's employees whereby a network of pharmacies, local to employer sites/employee residences will provide prescription medications related to the work related injury with no out of pocket expenses to the employee.

5.1.2.9 Additional Services. Additional contract language will be inserted depending on the services and programs available of the managed care service provider selected. Areas that might be included are, telephonic case management, bundled early care programs (first 30-45 days), cost savings reports, how documentation and information is transmitted to the claim system, early assessment programs, demographic reports, status reports, PPO penetration reports.

5.1.3 Data Management. Company will be the manager and data processor of all workers' compensation information and data. All workers' compensation data will reside with the vendor. The following is a summary of data management services that the chosen vendor will be responsible for performing:

- Acting as a repository for claim data and information;
- Overseeing data integrity;
- Entering proper security procedures, back-up procedures, and disaster recovery;
- Allowing authorized DAS/State agency representatives to enter data system to retrieve claim data and history information as well as standard and ad hoc reports;
- Ensuring seamless coordination with outside vendors when interfacing to transfer and receive data from external providers and vendors; and
- Managing all of DAS's workers' compensation data on the vendor's own systems and then providing data back to numerous DAS and agency users.

5.1.4 Denial of Claims. Prior to the denial of a claim, the matter will be discussed with the State's Workers' Compensation Coordinator. It is also understood that the State shall have the authority to overturn any such action if deemed in the best interest of the State. Any claims decisions overturned by the State will cause that claim to be excluded from any performance goal calculations.

5.1.5 Subrogation. Company shall provide subrogation recovery service at no additional charge. Such service will include all steps taken, however, excluding litigation in the State's name, to recover claims settled, which may be found to be the liability of a third party or other insurance carrier. If any subrogation recovery services are sub-contracted by Company, approval of Subcontractor and contract terms must be obtained from the State prior to Company entering into an agreement with such Subcontractor(s). Company shall obtain State's prior written approval before accepting any settlement for less than 90% of a full recovery.

5.1.6 Disaster Recovery. Company agrees to make a daily back-up of information regarding all State data and claim information necessary for the administration of the Program as defined in this Agreement. Back-up tapes or other electronic media shall be stored in an off-site location at least five (5) miles away from the primary production location of the data, in a site that is secure and environmentally suited for the storage of magnetic media. Company shall promptly provide the State with a copy of its disaster recovery plan upon request.

5.1.7 Industry Standards. The Company represents and warrants that all of the services to be performed hereunder will be rendered using sound, professional practices and in a competent and professional manner by knowledgeable, trained and qualified personnel and that all aspects of the goods and services provided or used by it shall conform to the standards in the insurance industry in the performance of this Agreement. In the absence of a detailed specification for the performance of any portion of this Agreement, the parties agree that the applicable specification shall be the generally accepted industry standard.

5.1.8 Personnel to Perform the Services. As part of the consideration for this Agreement, the State is relying on the personal skills of the key individuals identified in the Proposal to perform the services under this Agreement. Company shall provide the State written notice prior to making any substitutions of key personnel by Company during the Term. In addition, the State shall provide Company with notice of any personnel or agents who are performing services under this Agreement in a manner the State determines does not meet the State's expectations.

5.1.9 Program Management.

5.1.9.1 Consultation and Advice. Company shall promptly advise the State's Workers' Compensation Coordinator of present and future legislative or regulatory changes, as Company becomes aware of such changes, which would impact the administration of the Plan. Each party may recommend amendments to this Agreement or changes in program operation as may be required by changing conditions, laws or regulations.

5.1.9.2 Planning and Technical Assistance. At no additional charge Company shall provide the State with reasonable amounts of technical planning and assistance regarding such items as process improvement, program strategy and beneficial program modifications. Company shall also participate in discussions and provide supporting data to the State in order for the State and its actuaries to develop rates for State agency's work comp premiums.

5.1.9.3 Periodic Reports. Company shall furnish information required by the State to monitor and administer this Agreement in accordance with reports which shall contain information as mutually agreed by the parties. The list of periodic reports, a description and the timeliness of the reports will be memorialized as Exhibit #. Any future or additional reporting requests will be negotiated by the parties in good faith and shall comply with any federal or state laws, including those laws intended to protect the privacy of patient health data.

5.1.10 Dedicated Service Office. Company will provide a dedicated office in Des Moines or one of its suburbs. This dedicated office will work on the State's account solely unless otherwise agreed to in an amendment to this Agreement. This dedicated service office will provide all services listed within this section

5.1.11 OSHA Reporting. Company may provide the State with the capability to perform searches in a database that contains information regarding the State's Qualified Claims. The State may also be able to generate reports for the purpose of satisfying state and federal filing requirements, including various filing requirements of the Occupational Safety and Health Administration. It is expressly understood that the State is responsible for verifying that any report filed with a governmental entity fulfills the appropriate reporting requirement(s), including timely filing of the report. Company shall not be responsible for the filing of the State's reports to governmental entities and shall not be responsible for data that is input or manipulated by the State. However, Company warrants that the information provided to the State is accurate and complete.

5.1.12 Payment of Penalties. Company shall pay any penalties or fines assessed against the State only if such penalty or fine was assessed due solely to Company's negligence, intentional misconduct, or bad faith.

5.1.13 Loss Prevention. Through contractual arrangements, Company will provide a full range of loss prevention services. State agrees and understands that it is obligated to make payment to Company for any money due for risk control services, which have been provided under this Agreement.

5.1.14 Special Investigations Unit. Company will provide a full range of special investigative services.

SECTION 6. DUTIES & RESPONSIBILITIES OF THE STATE

6.1 Payment of Fees. The State shall pay to Company a service fee to be computed and payable as shown in Exhibit #, attached hereto and made a part of this Agreement. Company acknowledges that the State is exempt from Iowa sales and use taxes, and that it is Company's responsibility to compensate all subcontractors by allocating them as an allocated loss adjustment expense to the appropriate claim file. The State shall have no liability for any taxes owed by Company for the work performed consistent with this Agreement.

6.2 Claims Payment. The State shall, for the duration of this Agreement, provide funds adequate for the payment of Qualified Claims, including Allocated Loss Adjustment Expenses.

6.3 Claim Account. The State shall deposit funds for payment of Qualified Claims, including allocated loss adjustment expenses, in a bank account or accounts (the "Claim Account") established for this purpose. The Claim Account will be established at a bank located within the State of Iowa. The account shall be owned by the State. The State shall be responsible for providing sufficient funds to enable Company to write checks on the Claim Account for use in the payment of the State's Qualified Claims. Such funds shall be provided at the inception of the Program and replenished promptly from time to time thereafter. It is expressly understood that Company shall not be required to advance its own funds to pay losses or allocated loss adjustment expenses for any Qualified Claim hereunder. Further, Company shall be relieved of its obligations to perform services pursuant to this agreement in the event that the State fails to make adequate funds available to pay claims.

6.4 Accurate and Timely Data Reporting. State shall provide Company in a timely manner information to facilitate distribution of report copies by Company.

SECTION 7. TERMINATION

7.1 Termination for cause. Other than for non-payment of fees due hereunder, Company may terminate this Agreement at any time after (180) one hundred eighty days written notice if the State fails to carry out its responsibilities or obligations under this Agreement prior to the effective date of the termination. If State cures its failure to carry out its responsibilities or obligations under this Agreement, then such termination notice by Company is null and void. If the State fails to pay any undisputed amount when due under this Agreement, the Company may terminate this Agreement upon sixty (60) days written notice if the State has failed to cure such non-payment.

The State shall provide Company with thirty (30) calendar days' written notice of conditions endangering performance. If, after such notice, Company fails to remedy the conditions contained in such notice, the State may do one or more of the following:

- exercise any remedy provided by law; and
- terminate this Agreement without penalty.

Company shall be paid promptly for services rendered up to the point of termination of this Agreement. In the event of termination of this Agreement by Company, Company may exercise any remedy provided by law.

Should the State obtain a monetary judgment against Company as a result of a breach of this Agreement, Company consents to such judgment being offset against monies owed the Company by the State under this agreement. The State shall notify Company in writing of any claims for damages on or before the date the State deducts such sums from money payable to Company.

7.2 Termination for lack of funds: Notwithstanding any other provisions of this Agreement, if funds anticipated for continued fulfillment of this Agreement are at any time not forthcoming or sufficient, either through the failure of the State to appropriate funds, or the discontinuance or material alteration of the program for which funds were provided, the State shall give written notice as soon as practical documenting the lack of funding, discontinuance, or program alteration. Unless otherwise agreed to by the parties, this Agreement shall be terminated on the last day for which appropriations are available. In the event that an appropriation to cover the cost of this Agreement becomes available within sixty (60) calendar days subsequent to such termination under this paragraph, the State agrees to reinstate this Agreement with Company.

In no event shall the State be liable for the payment of unemployment compensation to Company's employees. The State shall not be liable for the payment of equipment purchase, lease, or rental amounts for which Company may be obligated nor shall the State be liable for the payment of any other obligation of Company. Notwithstanding the previous two sentences, Company shall be paid promptly for services provided up to the point of termination of this Agreement.

7.3 Termination for Convenience: The State may terminate this Agreement without penalty by giving written notice to Company at least sixty (60) calendar days prior to the termination. Company may terminate this Agreement without penalty by giving written notice to the State at least one hundred eighty (180) calendar days prior to the termination. Notwithstanding the foregoing, Company shall be paid promptly for services performed to the point of termination of this Agreement. However, the State shall not be liable for any of the following costs:

7.3.1 The payment of Unemployment Compensation to Company's employees.

7.3.2 The payment of Workers' Compensation claims for Company employees, which occur during the Agreement or extend beyond the date on which the Agreement terminates.

7.3.3 Any costs incurred by Company in its performance of the Agreement including but not limited to equipment purchase, lease or rental amounts for which Company may be obligated, startup costs, overhead or other costs or obligation associated with the performance of the Agreement by Company.

7.3.4 Any applicable taxes that may be owed by Company for the performance of this Agreement including but not limited to sales taxes, excise taxes and use taxes, income taxes or property taxes.

7.3.5 If a purported termination for cause by the State is determined by a competent authority not to be properly a termination for cause, then such termination by the State shall be deemed to be a termination for convenience.

7.4 Termination for Change of Control. Following a change of control of Company or its parent, the State may terminate the Agreement. Company will not be able to terminate the Agreement for change of control.

7.5 Termination Assistance. Company will provide reasonable information and assistance necessary to assure the smooth transition of services and functions being performed by Company or its agents upon termination/expiration of the Agreement.

7.6 Company Obligations upon Termination. Upon expiration or termination of this Agreement, or upon request of the State, Company shall:

7.6.1 Immediately cease using and return to the State any personal property or material, whether tangible or intangible; provided by the State to Company and in its, or any subcontractor's, control or possession;

7.6.2 Upon request from the State and at the State's sole cost, destroy any personal property or material, whether tangible or intangible and verify in writing that the designated property or material has been destroyed;

7.6.3 Comply with the State's reasonable instructions for the timely transfer of active files and work being performed by Company under this Agreement to the State or the State's designee;

7.6.4 Upon termination or expiration of this Agreement, Company shall have the following additional duties:

7.6.4.1. For six (6) months following the effective date of termination, Company will allow the State to have up to three (3) users with view only access to data system.

7.6.4.2. Stop work under this Agreement on the date specified in any notice of termination provided by the State, provided that such written termination notice is provided to Company prior to the effective date of termination.

7.6.4.3. Cooperate in good faith with the State, its employees, agents and contractors during the transition period between the notification of termination and the substitution of any replacement Vendor.

7.6.4.4. Upon termination Company will be required to transfer any remaining balances to the new vendor.

7.6.5 Processing of Qualified Claims. If requested by the State, Company will continue to process the State's Qualified Claims remaining open at the termination of this Agreement, if any, provided that the State shall continue to make adequate funds available for the payment of such

Qualified Claims, including any allocated loss adjustment expenses. This provision shall not apply unless the additional fee for this service shall have been negotiated and agreed to in writing prior to the effective date of termination.

7.6.6 Upon termination of this Agreement, Company shall deliver, at the State's sole cost, the hard copy files Company has maintained for Qualified Claims (but not including any computer hardware, firmware, software or other proprietary information of Company), except those Company has agreed in writing to continue to process or files that are owned by the State; provided, however, that Company or its agents, employees or attorneys shall continue to be entitled to inspect all such files and make copies or extracts therefrom. If the State does not agree to accept such files, they will be retained or destroyed at Company's option and the State shall have no recourse against Company for failure to retain them. At the time of termination, Company will also provide, pursuant to an agreement with the State, its standard tape(s) containing the computer data for the Qualified Claim files stored on Company's computer system(s) and data element definitions.

SECTION 8. CONFIDENTIAL INFORMATION

8.1 Protected Health Information. The parties acknowledge that Company, in performing its obligations under this Agreement, will have access to health information about individuals that is protected by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and the federal Privacy and Security Rules promulgated pursuant to the Administrative Simplification provisions thereunder. The parties acknowledge that Company is a covered entity under the federal Privacy Rule and Security Rule, which shall govern the obligations of the parties with respect to such information.

8.2 Company's employees, agents and approved Subcontractors may have access to private or confidential data to the extent necessary to carry out its responsibilities under this Agreement. Company must designate one individual who shall remain the responsible authority in charge of all data collected, used, or disseminated by Company in connection with the performance of this Agreement. Company shall provide adequate supervision and training to its agents, employees and Subcontractors to ensure compliance with the terms of this Agreement. The private or confidential data shall remain the property of the State at all times. Company agrees that it will require its Subcontractors, in writing, to comply with the confidentiality terms of this Agreement, and enter into contracts which require compliance with the federal Privacy and Security Rules promulgated pursuant to the Administrative Simplification provisions of HIPAA.

8.3 No private or confidential data collected, maintained, or used in the course of performance of the Agreement shall by the Company be disseminated to any third party without the State's consent, except (a) as may be required by law, regulation, judicial or administrative process, or in accordance with applicable professional standards, or in connection with litigation pertaining hereto, or (b) to the extent such information (i) shall have otherwise become publicly available (including, without limitation, any information filed with any governmental agency and available to the public) other than as the result of a disclosure by the Company in breach hereof, (ii) is disclosed by the State to a third party without substantially the same restrictions as set forth herein, (iii) becomes available to the Company on a nonconfidential basis from a source other than the State which the Company believes is not prohibited from disclosing such information to the Company by obligation to the State, (iv) is known by the Company prior to its receipt from the State without any obligation of confidentiality with respect thereto, or (v) is developed by the Company independently of any disclosures made by the State to the Company of such information. The Company must return any and all such private or confidential data collected by the Company in the course of the performance of the Agreement in whatever form it is maintained promptly at the written request of the State; provided, however, the

Company may keep a copy and any notes or extracts related thereto in accordance with applicable professional standards and reasonable business practices subject to the confidentiality obligations contained herein.

8.3.1 The parties agree that information in the hands of the State is generally considered a public record unless the information satisfies one of the exceptions of Iowa Code Chapter 22 or other applicable law. Parties shall comply with all federal and state laws concerning the privacy of all medical and personal information. Should Company wish to assert that any information provided by Company to the State is confidential, Company must send a written request to the State enumerating the specific exceptions to public records found in Iowa Code Chapter 22.

8.3.2. Company will establish and maintain safeguards to protect the unauthorized use, access, destruction, loss, or alteration of State data in the possession of Company which are no less rigorous than those by Company for its own information of a similar nature and in any event are commercially reasonable. Company will not attempt to access, or allow access to, any State data, files or programs to which they are not entitled under the Agreement. Company will institute security measures to guard against the unauthorized access, alteration or destruction of State data.

8.3.3 In the event a public records request is made to the State pursuant to Iowa Code Chapter 22 or other applicable law, regarding any information the Company has asserted as confidential pursuant to sec. 8.3.1 above, the State shall immediately notify Company of the request by telephone and fax. The State will respond to the request for information within 15 days thereafter with a release of the information unless Company has obtained an injunction preventing release of the requested information.

8.3.4 In the event Company receives a request for information pursuant to Iowa Code Chapter 22 supplied to it by the State, Company will immediately notify the State of the request by telephone and fax. Company may respond to the request for information in its sole discretion. In the event Company chooses to release the information subject to the request, it must provide the State with at least 15 days notice prior to the release of information to allow the State to obtain an injunction to prevent the release of information if appropriate and in accordance with the law. Company will assist the State in the prosecution of the action by the State.

8.4 Network Security/Confidentiality. If the State's access to Company's system requires a network connection (the "Network Connection") between the State's wide area network and Company's wide area network, Company and the State shall take reasonable and customary precautions to prevent unauthorized access to or use of the Network Connection through their respective networks. The parties agree, however, that each party is responsible for the security of its own network. Neither party shall be liable to the other for unauthorized access to the Network Connection, so long as the accused party shall have taken reasonable and customary precautions to prevent such unauthorized access.

8.5 The Company's obligation under this Agreement shall survive termination of this Agreement.

SECTION 9. INDEMNIFICATION FOR THIRD PARTY CLAIMS

9.1 By the Company. The Company agrees to, without limitation, indemnify, defend and hold harmless the State, its officers, and employees appointed and elected (the "State Entities") from any and all third party liabilities, damages, settlements, judgments, losses, claims, costs and expenses, including the reasonable value of the time spent by the Attorney General's Office, and the costs and expenses and reasonable attorneys' fees of other counsel required to defend the State of Iowa or DAS, related to or arising from:

- 9.1.1** Any breach of this Agreement; or
- 9.1.2** The Company's performance or attempted performance of this Agreement, including any agent or Subcontractor utilized or employed by Company; or
- 9.1.3** Any negligent or wrongful act or omission of Company or any agent or Subcontractor utilized or employed by Company; or
- 9.1.4** Any failure by Company to make all reports, payments, and withholdings required by federal and state law with respect to social security, employee income, and other taxes, fees, or costs required by Company to conduct business in the State of Iowa; or
- 9.1.5** Any infringement of any copyright, trademark, patent, trade dress, or other intellectual property right; or
- 9.1.6** Any failure by Company to adhere to Company's confidentiality obligations in this Agreement.
- 9.1.7** The Company's performance or attempted performance of this Agreement, including any agent or Subcontractor utilized or employed by the Company.

9.2 Indemnification by the State

- 9.2.1** The State shall, only to the extent consistent with and permitted by Article VII, Section 1 of the Iowa Constitution and Iowa Code Chapter 669, indemnify the Company from and against any claim, as defined in Iowa Code Section 669.2, caused directly by the negligent or wrongful acts or omissions of any employee of the State while acting within the scope of the employee's office or employment in connection with the performance of this Agreement. Company agrees that any claim for which indemnification is sought pursuant to this Section 9.2.1 will be subject to the provisions of Iowa Code Chapter 669 and 543 Iowa Admin. Code 1, including, without limitation, those provisions which address the making and filing of claims.

If the State makes any indemnity payments to the Company pursuant to this Section 9.2.1 and the Company thereafter collects or recovers all or a portion of such amounts from any person or third party, including from any insurance carrier, Company shall promptly repay such collected or recovered amounts to the State.

- 9.2.2** At the option of the State, and as agreed to by the Company, the Company shall be represented by the Attorney General of the State or special counsel retained by the State or the Attorney General of the State with respect to any litigation brought by or against the State or such persons with respect to any claims, damages, judgments, liabilities, or causes of action to which such persons may be subject and to which they are entitled to be indemnified hereunder.

9.3 Survival. Indemnification obligation of the parties shall survive termination of this Agreement.

SECTION 10. LIMITATION OF LIABILITY BETWEEN THE PARTIES

The Company expressly acknowledges that the State's Program is subject to legislative change by either the federal or state government. Should either legislative body enact measures that alter the Program, the Company shall not hold the State liable in any manner for the resulting changes. The State shall use best

efforts to provide thirty (30) days' written notice to the Company of any legislative change. During the thirty-day period, the parties shall meet and make a good faith effort to agree upon changes to the Agreement to address the legislative change. Nothing in this Subsection shall affect or impair the State's right to terminate the Agreement pursuant to the termination provisions.

SECTION 11. WARRANTIES

11.1 Construction of Warranties Expressed in this Agreement with Warranties Implied by Law. All warranties made by Company in all provisions of this Agreement and the RFP Response by Company, whether or not this Agreement specifically denominates Company's promise as a warranty or whether the warranty is created only by Company's affirmation or promise, or is created by a description of the materials and services to be provided, or by provision of samples to the State, shall not be construed as limiting or negating any warranty provided by law, including without limitation, warranties which arise through course of dealing or usage of trade. The warranties expressed in this Agreement are intended to modify the warranties implied by law only to the extent that they expand the warranties applicable to the goods and services provided by Company.

11.2 Company represents and warrants that the Company has secured all applicable interests, rights, licenses, permits or other intellectual property rights in such concepts, materials and deliverables used to provide the services.

11.3 Company represents and warrants that all of the services to be performed hereunder will be rendered using sound, professional practices and in a competent and professional manner by knowledgeable, trained and qualified personnel in accordance with the terms of this Agreement and all applicable industry standards.

11.4 Company represents and warrants that it has full authority to enter into this Agreement and that it has not granted and will not grant any right or interest to any person or entity. The State will not have any obligations with respect to Company's contractual obligations to its Company's and Subcontractors unless otherwise agreed to in writing by the State.

11.5 Company warrants that no person or selling agency has been employed or retained by Company to solicit and secure this Agreement upon an agreement of understanding of commission, percentage, brokerage or contingency fee except bona fide employees maintained by Company for the purpose of securing business. For breach or violation of this warranty, the State shall have the right to award this Agreement without liability, or in its discretion, to deduct from the Company's charges or to otherwise recover, the full amount of such commission, percentage, brokerage or contingency paid by the State.

11.6 Company warrants that the prices in its Proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such prices with any competitor. No attempt has been made by Company to induce any other person or firm to submit or not submit a proposal for the purpose of restricting competition.

11.7 Company warrants that the deliverables under this Agreement will operate in conformance with the terms and conditions of this Agreement and that the Company will be accessible to the State twenty-four hours per day, seven days per week through the Company call center.

11.8 At the time of installation or upgrades, Company warrants that any software used in connection with system shall not contain any Trojan horses, worms, viruses or other disabling devices when initially installed at the State. After installation or upgrade Company shall continue to monitor all systems for any virus or other disabling device or disabling system utilizing state of the art hardware and software security systems and procedures and such monitoring shall continue for the duration of this Agreement.

11.9 Company agrees that the total amount of the Administrative Fees, and other fees charged to the State for the services provided under this Agreement will be no higher than the lowest total amount of fees charged to any other customer of Company for which comparable services are provided during the Term.

SECTION 12. CONTRACT ADMINISTRATION

12.2 Independent Contractor. The status of the Company shall be that of an independent contractor. The Company, its employees, agents and any Subcontractors performing under this Agreement are not employees or agents of the State of Iowa or any agency, division, or department of the State. Neither the Company nor its employees shall be considered employees of the State or the State of Iowa for federal or state tax purposes. The State will not withhold taxes on behalf of the Company (unless required by law).

12.2 Incorporation of Documents. Along with this document, the RFP issued by the State for the services covered under this Agreement, and amendments and written responses to bidders' questions (collectively "RFP") and Company's Proposal and clarification submitted in response to the RFP, form this Agreement between the parties and are incorporated herein by reference. Subject to Section 14.3, Company is obligated to perform all services as described in the RFP and Proposal, unless otherwise specified in this Agreement.

12.3 Order of Priority. In the event of a conflict between this Agreement, the RFP and the Proposal, the conflict shall be resolved according to the following priority, ranked in descending order: (1) this Agreement; (2) the RFP; (3) the Proposal.

12.4 Compliance with the Law. Company, its employees, agents, and Subcontractors shall comply with all applicable federal, state, and local laws, rules, ordinances, regulations, and orders when performing the services under this Agreement, including without limitation, all laws applicable to the prevention of discrimination in employment and the mandatory, if any, use of targeted small businesses as Subcontractors or suppliers. Company, its employees, agents, and Subcontractors shall also comply with all federal, state, and local laws regarding business permits and licenses that may be required to carry out the work performed under this Agreement. The State shall provide notice to Company of potential violations of this Subsection should the State become aware of such potential violations.

12.5 Amendments. All amendments must be clearly identified as an amendment to this Agreement and must be in writing and signed by authorized personnel of both parties. All such amendments will be binding on both parties despite any lack of additional consideration.

12.6 Third Party Beneficiaries. There are no third party beneficiaries to this Agreement. This Agreement is intended only to benefit the State and Company.

12.7 Choice of Law and Forum. The laws of the State of Iowa shall govern and determine all matters arising out of or in connection with this Agreement without regard to the choice of law provisions of Iowa law. In the event any proceeding of a quasi-judicial or judicial nature is commenced in connection with this Agreement, the exclusive jurisdiction for the proceeding shall be brought in Polk County District Court for the State of Iowa, Des Moines, Iowa. This provision shall not be construed as waiving any immunity to suit or liability including without limitation sovereign immunity in State or Federal court, which may be available to the State.

12.8 Assignment. Neither party may assign this Agreement in whole or in part nor any payment arising from this Agreement without the other party's prior written consent and subject to such reasonable conditions and provisions, as such party may deem necessary.

12.9 Subcontractors. Company shall not enter into any subcontracts not referenced in this Agreement and the exhibits thereto without the State's prior written approval. Company shall use due diligence in selecting and monitoring subcontractors. All restrictions, obligations, and responsibilities which apply to Company shall also apply to the subcontractors. Notice of the planned use of subcontractors under this provision shall be made by Company to the State within 30 days prior to the proposed execution of the subcontract. This notice shall include, at a minimum, the name and address of each subcontractor, the scope of work to be performed by each subcontractor, the value of the contract and subcontractor qualifications. If during the course of the subcontract period Company or subcontractor wishes to change or revise the subcontract, prior written approval from the State is required. Company shall be responsible for all work performed under this Agreement, whether or not subcontractors are used. No subcontract shall, in any way, relieve Company of any responsibility for performance of its duties, and any subcontract shall incorporate the terms of this Agreement between the State and Company.

Company shall remove any Subcontractor from this Agreement upon request by the State for cause.

12.10 Entire Agreement. This Agreement constitutes the entire agreement between the parties. The parties shall not rely on any representations, or other statements or warranties that may have been made, which are not included in this Agreement.

12.11 Headings or Captions. The paragraph headings or captions used in this Agreement are for reference purposes only and will not be deemed a part of this Agreement. The wording used in this Agreement is the wording chosen by the parties to express their mutual intent, and no rule of strict construction will apply against either party. Words and phrases herein shall be construed as in the singular or plural number, and as masculine, feminine or neutral gender, according to the context.

12.12 Not a Joint Venture. Nothing in this Agreement shall be construed as creating or constituting the relationship of a partnership, joint venture, or other association of any kind of agent and principal relationship between the parties hereto. Each party shall be deemed to be an independent contractor contracting for services. No party, unless otherwise specifically provided for herein, has the authority to enter into any contract or create an obligation or liability on behalf of, in the name of, or binding upon another party to this Agreement.

12.13 Supersedes Former Contracts or Agreements. This Agreement supersedes all prior Agreements or Agreements between the State and Company for the services described in this Agreement.

12.14 Waiver. Except as specifically provided for in a waiver signed by duly authorized representatives of the State and Company, failure by either party at any time to require performance by the other party or to claim a breach of any provision of this Agreement shall not be construed as affecting any subsequent right to require performance or to claim a breach.

12.15 Notice

12.15.1 Any and all notices, designations, consents, offers, acceptances or any other communication provided for herein shall be given in writing by registered or certified mail,

return receipt requested, by receipted hand delivery, by Federal Express, courier or other similar and reliable carrier which shall be addressed to each party as set forth as follows:

If to DAS:

Risk & Benefits Administrator
Department of Administrative Services - HRE
Hoover State Office Building
1305 Walnut Street
Des Moines, IA 50319

If to the Company:

12.15.2 Each such notice shall be deemed to have been provided the earlier of:

12.15.2.1 At the time it is actually received; or,

12.15.2.2 Within one (1) business day in the case of overnight hand delivery, courier or services such as Federal Express with guaranteed next day of delivery; or,

12.15.2.3 Within five (5) business days after it is deposited in the U.S. Mail in the case of registered U.S. Mail as described above.

12.15.3 From time to time, the parties may change the name and address of a party designated to receive notice. Such change of the designated person shall be in writing to the other party and as provided herein.

12.16 Cumulative Rights. Except as specifically provided for herein, the various rights, powers, options, elections and remedies of any party provided in this Agreement, shall be construed as cumulative and not one of them is exclusive of the others or exclusive of any rights, remedies or priorities allowed either party by law, and shall in no way affect or impair the right of any party to pursue any other equitable or legal remedy to which any party may be entitled as long as any default remains in any way unremedied, unsatisfied or undischarged.

12.17 Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, such determination shall not affect the validity or enforceability of any other part or provision of this Agreement.

12.18 Time is of the Essence. Time is of the essence with respect to the performance of the terms of this Agreement.

12.19 Authorization. Each party to this Agreement represents and warrants to the other parties that It has taken all requisite action (corporate, statutory or otherwise) to approve execute, deliver, and perform this Agreement, and this Agreement constitutes a legal, valid, and binding obligation upon itself in accordance with its terms, except as such enforceability may be limited by bankruptcy,

insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general principals of equity.

12.20 Successors in Interest. All the terms, provisions, and conditions of the Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns.

12.21 Audit and Examination of Records . The Company agrees that the personnel of the State and the Auditor of the State of Iowa or any authorized representative of the State, and where federal funds are involved, the Comptroller General of the United States or any other representative of the United States Government, shall have access to, and the right to examine, upon reasonable prior notice and during the Company's normal business hours at the Company's place of business, audit, excerpt and photocopy any directly pertinent books, documents, papers, and records of the Company necessary to verify accurate invoices or payments of this Agreement. All daily time records relating to this Agreement shall be retained for one (1) year following the date of final invoice or completion of any audit in progress, whichever is earlier. All invoices shall be retained for five (5) years following the date of final payment or completion of any audit in progress, whichever is later.

Compliance with this clause does not relieve the Company from retaining any records required by other laws or regulations of federal, state or local governmental units. The Company will not be eligible for additional payments from the State, for expenses incurred, to comply with the State's audit requirements set forth in this Section. Audit rights will survive the termination and expiration of the Agreement.

12.22 Obligations Beyond Contract Term. This Agreement shall remain in full force and effect to the end of the specified term or until terminated or canceled pursuant to this Agreement. All obligations of the State and the Company incurred or existing under this Agreement as of the date of expiration, termination or cancellation will survive the termination, expiration or conclusion of this Agreement.

12.23 Counterparts. The parties agree that this Agreement has been or may be executed in several counterparts, each of which shall be deemed an original and all such counterparts shall together constitute one and the same instrument.

12.24 Additional Provisions. The parties agree that if an Addendum, Rider or Exhibit is attached hereto by written agreement of the parties, and/or referred to herein, the same shall be deemed incorporated herein by reference.

12.25 Changes. Changes in any of the provisions of this Agreement may be made only in writing and must be approved mutually by a duly authorized representative of the Company and a duly authorized representative of the State.

12.26 Company Changes. Company will provide written notification to the State concerning changes in Company's organizational relationships, ownership, professional staff, or services that may have an impact on Company's service under this Agreement.

12.27 Delay or Impossibility of Performance. Neither the Company nor the State shall be in default under this Agreement if performance is delayed or made impossible by circumstances or causes beyond its reasonable control, including, without limitation, an act of God, flood, fire, governmental action, war, violence, terrorism, failure to cooperate by any third party (other than a subcontractor of Company), or similar events. In each such case, the delay or impossibility must be beyond the reasonable control and without the fault or negligence of the party. If delay results from a

subcontractor's conduct, negligence or failure to perform, the Company shall not be excused from compliance with the terms and obligations of this Agreement.

12.28 Insurance Requirements. The Company shall maintain adequate to fulfill its duties under this Agreement, including the duty to indemnify the State pursuant to Section 9 above.

Company and any subcontractors performing the services required under this Agreement, shall maintain in full force and effect, with insurance companies of recognized responsibility, at its own expense, insurance covering its work during the entire term of this Agreement: and any extensions or renewals thereof. Company's insurance shall, among other things, insure against any loss or damage resulting from or related to Company performance of this Agreement. All such insurance policies should remain in full force and effect for the entire life of this Agreement. All insurance maintained by Company shall be with carriers of national recognition and rated A or better by A.M. Best. It shall be the responsibility of Company to keep the respective insurance policies and coverage's current and in force during the life of this Agreement.

12.29 Dispute Resolution. The parties agree that in the event a dispute arising under or relating to this Agreement is not resolved by informal negotiations within thirty (30) days (or any mutually agreed extension of time) after either party requests such negotiations, then the matter in controversy shall be subject to non-binding mediation in Des Moines, Iowa. The parties will mutually determine who the mediator will be from the list of mediators obtained from the American Arbitration Association ("AAA"). If the parties are not able to agree on the mediator, the mediator will be selected by the AAA. Each party will bear its own costs and expenses with respect to the mediation, including one-half of the fees and expenses of the mediator.

12.30 Taxes - State and Local. The State is exempt from all federal state and local taxes, on the services supplied pursuant to this Agreement. No payment will be made for any such taxes nor for any taxes levied with respect to Company's employees' and agents' compensation.

SECTION 15. EXECUTION

IN WITNESS WHEREOF, in consideration of the mutual covenants set forth above and for other goods and valuable consideration, the receipt, adequacy and legal sufficiency of which are hereby acknowledged, the parties have entered into the above Agreement and have caused their duly authorized representatives to execute this Agreement.

State of Iowa

Date

Date

By: _____

By: _____

ATTACHMENT 4 – PROPOSAL CERTIFICATION

Date

Ed Holland
State of Iowa
Department of Administrative Services – HRE
1305 East Walnut Street
Des Moines, Iowa 50319-0150

**RE: Request for Proposals – Workers Compensation Third Party Administration
-PROPOSAL CERTIFICATION**

Mr. Holland:

I certify that the contents of the proposal submitted on behalf of (Name of Bidder) in response to the State of Iowa Request for Proposals – Workers Compensation TPA, are true and accurate. I also certify that (Name of Bidder) has not made any knowingly false statements in this proposal.

Sincerely,

Name

Date

Title

ATTACHMENT 5 – CERTIFICATION OF INDEPENDENCE AND NO CONFLICT OF INTEREST

Date

Ed Holland
State of Iowa
Department of Administrative Services – HRE
1305 East Walnut Street
Des Moines, Iowa 50319-0150

**RE: Request for Proposals – Workers Compensation Third Party Administration
- CERTIFICATION OF INDEPENDENCE AND NO CONFLICT OF INTEREST**

Mr. Holland:

By submitting a proposal in response to the State of Iowa Request for Proposals – Workers Compensation TPA, the undersigned certifies the following:

- 1 The proposal has been developed independently, without consultation, communication or agreement with any employee or consultant to the State who has worked on the development of this RFP, or with any person serving as a member of the evaluation committee.
- 2 The proposal has been developed independently, without consultation, communication or agreement with any other bidder or parties for the purpose of restricting competition.
- 3 Unless otherwise required by law the information found in this proposal has not been knowingly disclosed and will not be knowingly disclosed prior to the award of the contract, directly or indirectly to any other bidder.
- 4 No attempt has been made or will be made by (Name of Bidder) to induce any other bidder to submit or not submit a proposal for the purpose of restricting competition.
- 5 No relationship exists or will exist during the contract period between (Name of Bidder) and the State of Iowa that interferes with fair competition or that would create a conflict of interest.

Sincerely,

Name

Date

Title

**ATTACHMENT 6 – CERTIFICATION REGARDING DEBARMENT, SUSPENSION,
INELIGIBILITY, AND VOLUNTARY EXCLUSION**

Date

Ed Holland
State of Iowa
Department of Administrative Services – HRE
1305 East Walnut Street
Des Moines, Iowa 50319-0150

**RE: Request for Proposals – Workers Compensation Third Party Administration
- CERTIFICATION REGARDING DEBARMENT, SUSPENSION,
INELIGIBILITY, AND VOLUNTARY EXCLUSION**

Mr. Holland:

By submitting a proposal in response to the State of Iowa Request for Proposals – Workers Compensation TPA, the undersigned certifies the following:

1. I certify that to the best of my knowledge, (Name of Bidder) and its principals: (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transaction by a Federal department or agency; (b) have not within a three year period preceding this proposal been convicted of, or had a civil judgment rendered against them for the commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction, violation of antitrust statutes or commission of embezzlement, theft, forgery, falsification or destruction of records, making false statements, or receiving stolen property; (c) are not presently indicted for other criminally or civilly charge by a government entity (federal, state, or local) with the commission of any of these offenses enumerated in (b) of this certification; and (d) have not within a three year period preceding this proposal had one or more public transactions (federal, state, or local) terminated for cause.
2. This certification is a material representation of fact upon which the State of Iowa has relied when this transaction was entered into. If it is later determined that the undersigned knowingly rendered an erroneous certification, in addition to other remedies available, the State may pursue available remedies including suspension, debarment, or termination of the contract.

Sincerely,

Name

Date

Title

ATTACHMENT 7 – AUTHORIZATION TO RELEASE INFORMATION

Date

Ed Holland
State of Iowa
Department of Administrative Services – HRE
1305 East Walnut Street
Des Moines, Iowa 50319-0150

**RE: Request for Proposals – Workers Compensation Third Party Administration
- AUTHORIZATION TO RELEASE INFORMATION -**

Mr. Holland:

The undersigned hereby authorizes the State of Iowa to obtain information regarding its performance on other contracts, agreements or other business arrangements, its business reputation, and any other matters pertinent to the evaluation and selection of a successful bidder in response to Request for Proposals – Workers Compensation TPA.

The undersigned hereby releases, acquits, and forever discharges the State of Iowa, their officers, directors, employees and agents from any and all liability whatsoever, including all claims, demands and causes of action of every nature and kind affecting the undersigned that it may have or ever claim to have relating to information, data, opinions, and references obtained by the State in the evaluation and selection of a successful bidder in response to Request for Proposals – Workers Compensation TPA.

The undersigned hereby authorizes representatives of the State to contact any and all of the persons, entities, and references that are, directly or indirectly, listed, submitted, or referenced in the undersigned proposal submitted in response to Request for Proposals – Workers Compensation TPA.

The undersigned further authorizes any and all persons or entities to provide information, data, and opinions with regard to the undersigned's performance under any contract, agreement, or other business arrangement, the undersigned's ability to perform, the undersigned's business reputation, and any other matter pertinent to the evaluation of the undersigned. The undersigned hereby releases, acquits, and forever discharges any such person or entity, their officers, directors, employees and agents from any and all liability whatsoever, including all claims, demands and causes of action of every nature and kind affecting the undersigned that it may have or ever claim to have relating to information, data, opinions, and references obtained by the State in the evaluation and selection of a successful bidder in response to Request for Proposals – Workers Compensation TPA.

A photocopy or facsimile of this signed Authorization is as valid as an original.

Sincerely,

Name

Date

Title

SECTION 8: EXIT PLAN DESCRIPTION

Exit Plan Description

The exit strategy below provides Sedgwick CMS with alternative contingency planning in the event that we decide we must dissolve our business relationship with MedRisk/ClaimExpert. Per our current contract with Medrisk, they will provide access to the documents and images in a mutually agreed upon format within ten business days.

MedRisk will support:

1. The export of all Sedgwick CMS images resident in ClaimExpert to an approved external system of Sedgwick CMS' choice. MedRisk will provide Sedgwick CMS with a browser application (including a document tree based on the format of claim data – including claim number, name, SS#, etc.) that will allow viewing of the images.
2. The export of all Sedgwick CMS' billing data resident in ClaimExpert to an approved external system of Sedgwick CMS' choice.
3. The delivery of all hardcopy mail that is currently stored at the MedRisk operations office. Note that this only includes all 'permanent' mail, as well as mail that has been received during the program. Per Sedgwick CMS' requirements, all mail not designated as 'permanent' is destroyed after 14 days.

Image Format:

- Tagged image file format (TIF)
- Group 4 compression

Data Format:

Data resident in ClaimExpert as a result of our partnership will be provided to Sedgwick CMS in a layout designated by Sedgwick CMS. All table structures and field descriptions will be provided to Sedgwick CMS. At Sedgwick CMS' request, the data would also be provided in database or browser format.

Delivery of Data:

Images and electronic data will be provided to Sedgwick CMS via one of the following formats:

- FTP to a site designated by Sedgwick CMS
- Tape
- CD / DVD

MedRisk's Document Storage and Destruction Summary

- Paper documents will be stored for a period of 14 days in a secured banker box storage area.
- All documents will be stored in a client specific box that is dated and labeled per client
- MedRisk guarantees that destruction shall be performed in a manner that does not reveal confidential patient information.
- At 14 days old, documents are transferred from the banker boxes to locked and slotted shredding bins.
- Once a week, documents designated for shredding are taken to an offsite location and shredded by a document destruction company that same day.
- A certification of document destruction is provided and stored by MedRisk's Director of Operations.

SECTION 8: EXIT PLAN DESCRIPTION

General MedRisk Document Handling Workflow:

